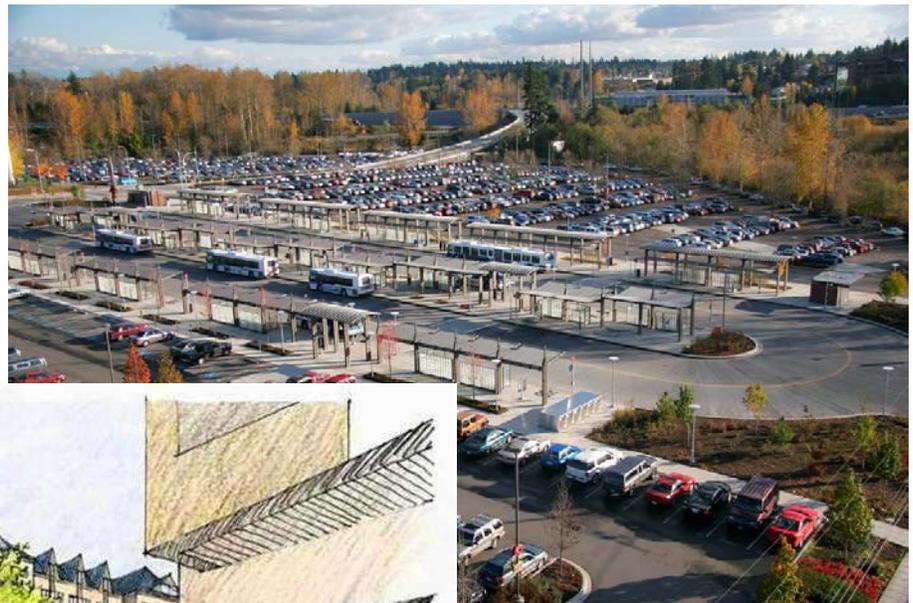


# Lynnwood, Washington Transit-Oriented Development Technical Assistance

Report Findings and Recommendations

September 2016



## I. Executive Summary

Pursuant to the scope of work with the City of Lynnwood, this memorandum constitutes Smart Growth America's (SGA) final report summarizing an overview of key findings and recommendations from the June 2016 in-depth site visit and September 2016 technical assistance panel (TAP).

Staff from Smart Growth America and Enterprise Community Partners (see Appendix D), representing the SGA TOD TA team, met with municipal leaders and external stakeholders on June 14 and 15, 2016 for an assessment visit as well as on September 20 and 21, 2016 for a TAP to provide assistance supported by the Federal Transit Administration's (FTA) National Public Transportation/Transit-Oriented Development Technical Assistance Initiative.

## II. Technical Assistance Description

1. **Project Name:** Lynnwood Transit Center  
**Applicant:** City of Lynnwood  
**Transit Agency Partner:** Sound Transit  
**Location:** Lynnwood, Washington  
**Primary Federal Funding Source for Project:** New Starts  
**Award Amount:** \$8,000,000
2. **TOD Technical Assistance Description:** The City of Lynnwood transit-oriented development technical assistance focuses on transforming the area around the Lynnwood Transit Center from an auto-oriented, strip mall shopping center into a pedestrian friendly, high-density, compact, mixed-use TOD hub.
3. **Transit Agency Profile:** Sound Transit plans, builds, and operates express bus, light rail, and commuter train services serving the urban areas of King, Pierce, and Snohomish counties.

## III. Introduction

The City of Lynnwood, WA was selected through a national competition to receive assistance under the National Public Transportation/Transit-Oriented Development, Technical Assistance Ladders of Opportunity Initiative ("TOD TA Initiative"), a project of the Federal Transit Administration (FTA) in partnership with Smart Growth America. The TOD TA Initiative is designed to provide technical assistance to improve access to public transportation, build new economic opportunities and pathways to employment, and support transit-oriented development (TOD). The initiative focuses on supporting economically distressed communities across the country. The technical assistance is intended to help elected leaders, developers, and community members work together to build more TOD projects across the country and to ensure that those projects are both economically successful and socially equitable. Done properly, TOD promotes economic development; provides communities with transit access to jobs and services; and transforms areas near transit into compact, mixed-use developments with quality pedestrian environments. Successful and equitable TOD is development that provides access to housing, jobs, and transportation for all members of the community.

Lynnwood, WA was one of three cities selected for in-depth technical assistance (TA) under this initiative. The focus of this work is to transform the area around the Lynnwood Transit Center from an auto-oriented, strip mall shopping center into a pedestrian friendly, high-density, compact, mixed-use TOD hub. The Lynnwood Transit Center (LTC) currently services 17 Community Transit bus routes and three Sound Transit Express Bus routes. Collectively, these bus routes connect every city in Snohomish County to major employment centers in downtown

Seattle and Bellevue. Targeted for completion in 2023, Sound Transit's Lynnwood Link Extension Project (LLE) will bring the first light rail station to Lynnwood and give riders a fast, frequent, and reliable light rail connection through some of the worst traffic congestion in Washington. It is expected to remain the terminus for 15 years, after which the line will go north to Everett if voters approve the Sound Transit 3 (ST3) transit package on the November 8, 2016 ballot. After the light rail station opens, trips from Lynnwood to downtown Seattle will take about 28 minutes. Sound Transit projects up to 74,000 riders on the LLE each weekday by 2035. LLE will improve residents' access to jobs, educational opportunities, health care, housing, social services, and multiple multimodal transportation options.

Lynnwood would like to capitalize on this exciting and promising future by developing strategies through design and collaborative planning around the City Center and the light rail station area. Taking into consideration existing market conditions, the city aims to create an environment that is not only conducive to TOD, but also offers opportunities for social equity, economic development, and affordable housing.

The Link light rail station is located within Lynnwood's City Center, a sub-area of Lynnwood's Puget Sound Regional Council designated Regional Growth Center which is dominated by suburban strip centers and single use commercial properties. The area is experiencing growth with 655 urban residential units and a 150-room hotel under construction. Of the units under construction, 347 are in a 100 percent affordable urban housing development and 308 in a senior apartment development, with at least 20 percent income-qualified units. The city adopted the City Center Sub-Area Plan [1] in 2005, and amended it in 2007, which lays the foundation to support a dense, TOD, mixed-use urban center supported by multimodal infrastructure improvements. The city has also adopted a Planned Action Ordinance for City Center allowing for up to 9.1 million square feet of office, retail, and residential build out within the approximately 250 acres of City Center adjacent to the LTC and future Link light rail station.

## IV. Findings

### Preliminary Assessment Visit

As part of the FTA's TOD TA Initiative, the Smart Growth America and Enterprise Community Partners team (TOD TA Team) conducted a two-day assessment visit in June 2016 to the City of Lynnwood. The TOD TA Team met with a variety of stakeholders including the Mayor, Lynnwood city staff, members of City Council, key external stakeholders including representatives from Sound Transit, Washington State Department of Transportation (WSDOT), Community Transit, and other community and economic development partners and business leaders.

### Key Assessment Findings

1. The city is largely auto-oriented with significant retail uses and several key community assets including its trail system (Interurban and Scriber Creek Trails); an abundance of restaurants, retail and shopping complexes, with Alderwood mall being a key attraction for local, regional, and international visitors; a well-performing convention center;

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[1] Available at <http://www.lynnwoodwa.gov/Assets/Departments/Community+Development/City+Center/Plans/City+Center+Subarea+Plan.pdf>.

Edmonds Community College; Edmonds School District; popular and well-used recreation facilities and public library; and the Verdant Health Commission, which has a community center and presence right in City Center.

2. The city does not have a concerted long-term housing strategy, or small business preservation strategy, to maintain affordability and to address the possible effects of gentrification brought on by light rail service and City Center investments.
3. Demographically, the city has a growing Asian and Latino population with a strong Korean business community. The Mayor, members of City Council, and various community stakeholders have identified engaging with and gaining the support of the foreign born and small business community as a crucial component of advancing the City Center and TOD project.
4. The city is still in the process of determining how best to accommodate various modes of transportation within the City Center to achieve the vision of a vibrant, walkable, pedestrian, and bike-friendly TOD community. The city is seeking a balance between allowing for through traffic and ensuring bike and pedestrian safety and land-use access in the City Center core.
5. Securing financing for parks, street enhancements, and other capital improvements, and providing the right types of incentives to attract “first-in” market-rate housing and commercial developments to City Center is a challenge for the city. Tax increment financing is not available in Washington State, and the city has limited ability to bond. In addition, the city also does not appear to have fully leveraged and aligned its budget and infrastructure expenditures to support the City Center goals and vision.
6. There is no clear and consistent message regarding the project and its benefits to generate needed support and momentum from the public and from City Council.
7. There are currently several developments underway in City Center including the City Center Senior Living Apartments and City Center Apartments; however, the city does not have a strong strategy for identifying key development parcels, nor phasing the development of City Center to effectively attract and generate interest for market rate investments.
8. The city has developed a City Center Project Prioritization list [2] of city capital projects based on criteria that would contribute to transforming downtown Lynnwood into a vibrant live-work-play environment. However, the city has yet to identify a catalytic TOD project or strategy that would effectively leverage the transit and infrastructure investments, and outline immediate next steps to jumpstart such a project.
9. The city faces development challenges due to the lack of available publically owned land (aside from parcels adjacent to the Lynnwood Transit Center owned by Sound Transit) and the lack of a coordinated land acquisition, assembly, and funding strategy for such a catalytic City Center site.

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[2] See Appendix A, p. 63.

10. The City of Lynnwood's bonding capacity is severely restricted. The Washington State Supreme Court categorizes guarantees entered into by local government as a debt obligation against the city's bonding capacity. This Supreme Court decision has impacted the city's available debt capacity by \$25 million due to a prior city action to guarantee bond indebtedness. The city's 2016 remaining debt capacity is as follows:

- Without a vote: \$26.3 million
- With a vote: \$102.9 million
- Utility purpose, voted: \$93.9 million
- Open space, park & capital facilities, voted: \$78 million

## Urban Land Institute Technical Assistance Panel

### Background Questions

Following the assessment in June 2016, the TOD TA team conducted a technical assistance panel (TAP) as the first step to assisting the City of Lynnwood toward equitable TOD. Led by Urban Land Institute's (ULI) Pacific Northwest Chapter and facilitated by Smart Growth America and Enterprise Community Partners, the TAP brought together professional experts from the real estate development, planning, affordable housing, architecture, and economic development fields to offer their insight into creating a walkable urban environment surrounding the transit station.

The TAP examined the development potential of underutilized and potential catalytic development parcels within City Center, and within a five-minute walk of the future Lynnwood Link light rail station. The panel assisted Lynnwood in identifying a selection of priority sites/catalytic projects and real estate initiatives that would fully leverage the transit node and transit investment.

The TAP agenda included stakeholder interviews, a site tour, meetings with city staff, elected officials, the development and compilation of key recommendations, and a final presentation to the Mayor and City Council.

For this TAP the City of Lynnwood, in conjunction with Smart Growth America, Enterprise, and ULI, developed two main thesis questions with follow-up prompts to frame the discussions and to help the panelists arrive at strategies that would support the development of its City Center and light rail station area.

### ***Question 1: What catalytic TOD projects should the city focus on to best meet City Center goals?***

- What two to four development parcels/sites should the city focus efforts on as key catalyst sites?
- What partnerships, acquisition, and development strategies should the city pursue for key parcels? For the identified sites, how does the city make development happen?
- How could the development of the catalyst sites be leveraged to catalyze development of adjacent parcels?
- What is the highest and best use? How should development parcels be phased? What is the best-case scenario of uses, tenant mixes, and amenities?
- What current and future market conditions are constraints or may be issues for redevelopment of the sites?

**Question 2: How should the city proceed in catalyzing private development and developing a TOD neighborhood?**

- How does the city address objectives of the FTA Ladders of Opportunity program of supporting equitable TOD and local issues identified in the team’s site visit around at-risk small businesses, affordable housing preservation, foreign born populations, and gentrification?
- Which of City Center’s Prioritized Projects [3] are likely to accelerate and catalyze private redevelopment, and how should they be phased and funded? Are there design considerations that will increase the likelihood of the development serving as a catalyst? What should be prioritized?
- How should the positive ROI and benefits for the community from public investments be messaged to garner continued support from policymakers, citizens, and potential grant opportunities?
- What refinements to City Center codes regarding height in the west zone, setbacks along the street, FAR, and off-street parking can assist in developing TOD?
- How do adopted City Center Street Standards frame the city’s vision of an urban environment and are certain multi-modal project proposals more likely to assist in catalyzing TOD through improving walkability and connectivity?
- What critical mass and make-up of neighborhood amenities are needed to begin to create a distinct place and identity for City Center?

**Background Research**

In preparation for the technical assistance panel, an in-depth demographic and economic briefing book was produced that included market analysis, property ownership maps, and case studies of similar sub-markets in the region. [4] This packet was developed to help inform the panelists throughout the TAP process. The demographic and economic analysis focused on the 1/2-mile radius (“Lynnwood Transit Zone”) around the future station, as well as Lynnwood at large, and Snohomish County.

**Demographic Trends Summary**

**Population and Households**

- Between 2000 and 2014, the Lynnwood Transit Zone experienced a 9% growth in population, compared to 7% in the City of Lynnwood overall and 21% in Snohomish County.
- There are a greater proportion of non-whites in the Lynnwood Transit



Figure 1. Lynnwood Transit Zone. See Appendix B for full size map. (Source: Strategic Economics).

[3] Lynnwood Council Resolution #2014-15.

[4] See Appendix A.

Zone (48%) than in the city (44%) and County (27%) overall.

- Compared to the city and county, the Lynnwood Transit Zone has a slightly greater share of households with children.
- The Lynnwood Transit Zone has a high proportion of renter-occupied households: 56% of households in the Lynnwood Transit Zone are renter-occupied, compared to 47% citywide, and 39% in the County.
- Households in the Lynnwood Transit Zone are significantly housing burdened, meaning they spend 30% or more of their income on housing. 64% of households in the Lynnwood Transit Zone are rent burdened, 58% are rent burdened in the city, and 50% in the county.
- Median household incomes are low and have significantly dropped in the Lynnwood Transit Zone and throughout the city. Since 2000 incomes have fallen from \$56,100 to \$40,100 when adjusted for inflation.
- Nearly 90% of Lynnwood's employed residents leave the city for work. 30% of Lynnwood's employed residents travel to Seattle to work, while 10% work in Lynnwood.

### **Housing Stock**

- Since 2000, there has been little housing development in either the Lynnwood Transit Zone or the city. While the number of housing units in Snohomish County grew by 23% between 2000 and 2014, the Lynnwood Transit Zone and city grew by only 6% and 7%, respectively.
- 8% of all units in the Lynnwood Transit Zone were built in 2000 or later, compared to 10% citywide and 21% in the County.
- There is a greater proportion of multifamily housing (53%) than single-family (45%) in the Lynnwood Transit Zone, although this remains relatively low density.

### **Transportation**

- 11% of employed residents in the Lynnwood Transit Zone take public transit to work, compared to 10% in the city overall and 6% countywide.
- Employed residents of the Lynnwood Transit Zone that take public transportation to work have grown from 8% in 2000 to 11% in 2014.
- However, nearly half of employed residents of the Lynnwood Transit Zone spend a half hour or more commuting to work, compared to 44% citywide and 45% in the county.

## ***Real Estate Market Analysis Summary***

This section describes the local housing, retail, and office market conditions in Lynnwood and nearby cities. Comparative cities include Bothell, Everett, Kirkland, Shoreline, and Redmond—chosen for their proximity to Lynnwood and recent downtown revitalization efforts.

### **Recent Major Development Activity**

- In the last 5 years, 1.7 million square feet were added to Lynnwood's retail market. An additional 120,000 square feet are in the development pipeline.
- In City Center, there are 655 units under construction with a majority (347) being affordable. City Center Senior Living Apartments (308) is mixed-income. There are two recently completed market-rate housing projects by Avalon Communities located just north of city limits on 164th Street SW.
- There is a mixed-use project being considered as Phase II of Lynnwood Place, already anchored by the new Costco, and could include up to 330 residential units, entertainment, retail, and eating and drinking establishments.

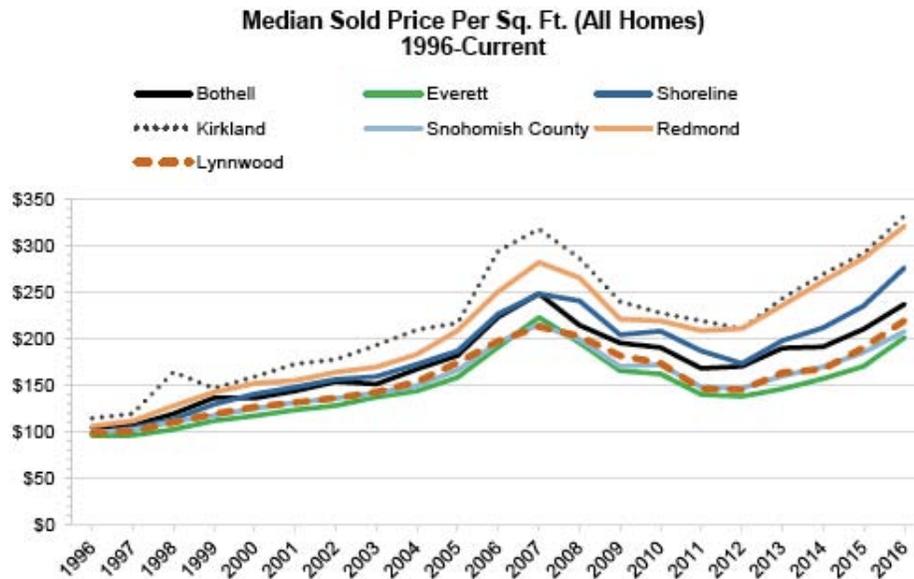


Figure 2. Home in Lynnwood sell for less compared to nearby cities (Source: Strategic Economics).

### Housing Market

- In general, homes in Lynnwood sell for less compared to nearby cities, according to Zillow Research. In June 2016, the median sales price per square foot in Lynnwood was \$220 compared to Bothell at \$238, Shoreline at \$277, Redmond at \$321, and Kirkland at \$332.
- The rental market in Lynnwood also lags behind nearby cities. In June 2016, the median rents in Lynnwood were 20-30% lower than rents found in the Eastside cities of Redmond, Kirkland, and Bothell.
- Among the newly constructed apartment buildings in nearby cities, average asking rents range between 25% to 67% higher than in Nickel Creek, which rents at \$1.73 per square foot. Nickel Creek was the most recently built (1986) market-rate apartment building in the Lynnwood Transit Zone. The newest market-rate apartment buildings at Avalon Alderwood and Brandemoor rent between \$2.02 - \$2.12 per square foot. Although these are located just outside the city boundary on 164th StreetSW, they represent the best comparable rents for newly constructed apartments available in the Lynnwood market generally.

### Retail Market

- Lynnwood is a major regional shopping destination, consisting of 8.3 million square feet of rentable building area with a predominance of surface parking. The current vacancy rate is 3.2% and the average monthly asking rent is \$1.56 per square foot. Monthly retail rents within the Lynnwood Transit Zone and City Center are slightly lower (\$1.18, triple net). This is attributable to the fact that Lynnwood's premier shopping center—Alderwood mall—is located just northeast of City Center.

# Retail Market

Comparable Retail Market Statistics  
August 2016

City	Rentable Building Area	Vacancy Rate	Net Absorption 2015-YTD	Monthly Asking Rent (NNN)
Lynnwood	8,294,085	3.2%	-41,089	\$1.56
Bothell	1,994,629	3.5%	33,356	\$1.86
Everett	9,470,270	2.9%	130,136	\$1.38
Kirkland	3,227,226	1.3%	4,724	\$2.10
Shoreline	2,144,183	4.5%	29,654	\$1.66
Redmond	4,162,743	1.8%	8,814	\$2.10

Figure 3. Lynnwood is a major regional shopping destination (Source: Strategic Economics).

- Lynnwood is home to a diverse mix of national and locally-owned eating and drinking places. Of the 72 eating and drinking places located within the Lynnwood Transit Zone and City Center, three-quarters are locally-owned.
- Thirty percent of Lynnwood's shopping centers were built before 1970. Nonetheless, it remains an attractive place for retail development, including repositioning and expansion of existing centers. Three centers opened after 2000, with the most recent being Lynnwood Crossroads, located at 196<sup>th</sup> Street SW and Highway 99.
- Shopping centers concentrated near the Alderwood Mall averaged a 1.1% vacancy rate, which is among the lowest in the North End region.
- 196<sup>th</sup> Street SW, also known as State Route 524, serves as a major retail corridor for communities located west of Highway 99 who are commuting back from work in the Eastside and stopping along 196th Street SW for day-to-day needs. According to local retail developer Sterling Realty Organization, there are about 65,000 cars that pass through the intersection of 196th Street SW and Highway 99 daily.

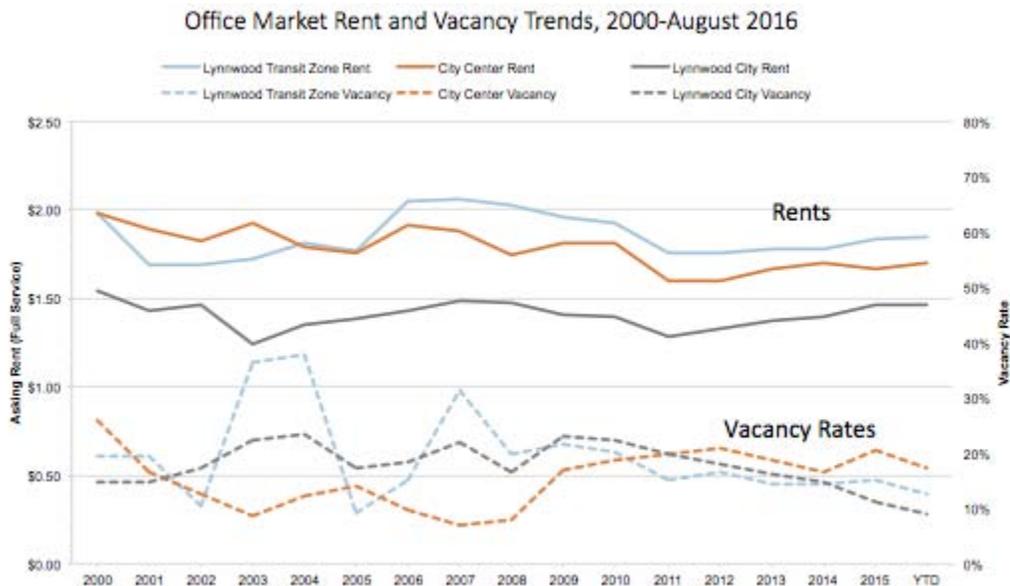


Figure 4. Monthly office rents in the Lynnwood Transit Zone and City Center are slightly higher than the citywide average. (Source: Strategic Economics).

### **Office Market**

- Lynnwood's location, highway accessibility, and affordable rents have attracted a variety of small and mid-size tenants, primarily in medical, professional, and business services. Lynnwood has approximately 2.9 million square feet of office space, most of which are in multi-tenant Class B/C buildings. The typical office building in Lynnwood is between 6,000 and 10,000 square feet.
- Monthly office rents in the Lynnwood Transit Zone and City Center (\$1.70-\$1.85, full service) are slightly higher than the citywide average (\$1.47). However, vacancies in these areas exceed 13%, compared to the citywide office vacancy rate of 9%.
- Built in 2011, the corporate office headquarters for retailer, Zumiez, Inc., is located within the Lynnwood Transit Zone, although on the east side of I-5. In the long term, Zumiez may be an ideal candidate to recruit to the City Center area if they are looking for a new location with excellent transit access.

### ***Property Ownership & Land Use Analysis***

#### **Property Ownership**

- Over half of the privately owned parcels are held by long time owners, and there have been very few recent efforts to assemble multiple contiguous parcels. This indicates that there has been little or no speculative land acquisition for future development projects.
- The two largest commercial property holdings are held by a strong retailer operator (Merlone Geier) and a longstanding strip commercial owner (Fred Meyer), both of which are not developers seeking to make a return on new construction or mixed-use in the near term.
- It is difficult to fully evaluate commercial land values. There have been only a few recent transactions and the data can be incomplete, but it appears that land values are high relative to the values Jones Lang LaSalle indicated would allow residential development to move forward in its City Center Implementation Strategies study (2016).

#### **Existing Land Use**

- There are 552 acres within the Lynnwood Transit Zone and City Center.
- Commercial land makes up 47% of total acreage. Meanwhile, publicly owned, and currently used or protected, land makes up 22% of total acreage.
- Residential land comprises over 20% of total acreage, but is primarily found in the Lynnwood Transit Zone, not in City Center.
- While retail dominates the commercial land uses in the area, there is also a significant proportion of office use.
- The Lynnwood Transit Center and future light rail station are located in a challenging location, given the constrained conditions on all sides.

### ***Summary of Joint Development Context and Briefing***

Strategic Economics examined public land owned by Sound Transit and Washington State DOT to determine the feasibility of joint development opportunities. There are several acres of surface parking and bus facilities currently on the future light rail station site. During the construction phase of the project additional parcels will be used for staging. There are also non-publicly owned parcels that were considered key partnership opportunities to bring into the WSDOT/Sound Transit properties for joint development.

- The current Sound Transit bus facility includes an ancillary parking lot that could become a joint development site. However, this parcel is currently land locked and its best development potential would likely come from combining this property with one or more parcels immediately to the north. These parcels to the north are currently developed as Class C office space with long-term owners.
- Several additional potential joint development sites will be created as a result of the Link light rail station construction. However, these parcels will be required to support the construction process and are not anticipated to be surplus, and thus ready for joint development until sometime around 2023.
- These future surplus parcels are small and isolated from the more central parts of the City Center area, and thus have very limited potential for catalytic transformation.
- The WSDOT park and ride lot could have longer term joint development potential, but WSDOT's ability to conduct joint development requires further exploration. It is possible at this point that WSDOT has no authority to participate in joint development projects.



Figure 5. Conceptual site plan for future Lynnwood Transit Center. See Appendix B for full size map (Source: Strategic Economics).

## ULI Technical Assistance Panel Findings

Based on the site visit, briefing materials, economic and demographic research, interviews with stakeholders, internal team discussions, and city staff conversations, the panel developed a series of current conditions from where to guide their goals and recommendations.

1. The City Center Sub-Area Plan accommodates growth, based on the Puget Sound Regional Council's growth projections, for over 9.1 million square feet of new construction including the up-zoning of certain parcels to allow for 350 foot buildings, and steel construction techniques. Despite these new zoning codes, the ULI technical assistance panel findings determined that under current conditions, market rate development could only support five-story wood frame construction.
2. According to the experience of one active local developer, the current price of land in Lynnwood is more encouraging than prohibitive, but the cost of construction remains high and is reflective of the overall rising of regional growth, hindering the ability to achieve a reasonable return.
3. The Lynnwood market is anticipating the new transit station to be dominantly suburban, and thus parking must still be considered for redevelopment projects to be competitive in the market. The ULI Panel found that despite the City of Lynnwood's desires for less parking, one-for-one surface parking should still be a requirement due to the suburban market context.
4. The City Center area, at approximately 250 acres, is the product of a long-term planning effort that is well thought out. However, this massive area in a stable but not rapidly expanding market would take decades to build out and phasing needs to be evaluated.
5. Due to the large size of the City Center area, the city needs to focus its investment on a concentrated section of City Center to be the most effective in attracting and facilitating development.
6. The area's redevelopment will be led by investments in infrastructure including future bus rapid transit and Link light rail.
7. The economy of Lynnwood is largely based on retail land uses, and trends in retail design and development are increasingly urban in look and feel. The most recent changes to Alderwood mall are one example.
8. The station will serve as the northern terminus for at least the next 13 years. The station serving as a regional terminus will affect the number and distances of passengers coming from the surrounding communities.
9. It is unpredictable in 2016 to understand how passengers will arrive to the light rail station in terms of transportation modes, given the advancement of on-demand ride hailing technologies, diminishing private vehicle ownership, and driverless cars.
10. Making light rail efficient and pleasant to use could extend to curated retail and services for riders. Childcare, coffee shops, bakeries and delis, and even dog care might be among the mix.

For additional information on the TAP and accompanying briefing materials, please refer to the Appendices.

## V. Recommended Action Plan

The technical assistance team has developed an action plan for the city to undertake in order to successfully implement TOD. The plan is divided into three sections: short-term, mid-term, and long-term actions. Each step in the plan can be taken independently of the others, but to maximize their effectiveness, the short-term actions should be conducted concurrently and in a coordinated and transparent manner.

### Strategic TOD - City Center Organizing Goals

The TAP panelists have recognized the following goals and action items as supportive of an inclusive transit-oriented development strategy for Lynnwood's City Center:

- Capitalize on existing City Center vision.
- Build a walkable City Center, beginning with the station area and its immediate environs (within 1/4-mile).
- Make public investment visible and welcoming, including the creation of a "front door" gateway to the city.
- Benefit existing residents and businesses to generate continued political and community support.
- Focus on connecting existing assets.
- Make it convenient, efficient, and pleasant for people to use and access light rail.

### Short-term Actions (3-6 months)

#### 1. Recognize critical mass is 25 acres, specifically the areas most immediate to the transit station.

In the near term, efforts to set an example for new development should concentrate on parcels west of 44th Ave W and south of 196th Street SW.

#### 2. Create partnerships with key landowners and stakeholders.

- a. *Public Ownership:* Sound Transit is an important partnership given its two development sites around the station; explore a partnership with the Housing Authority of Snohomish County for the development of workforce housing.
- b. *Private Ownership:* The superblock to the west of 44th Ave W and south of 196th Street SW is largely under control of a single owner, retailer Merlone Geier. Even though Merlone Geier may not be considering mixed-use development, this important owner would have an inherent interest in enhancing the value of the urban environment there and in the immediate surroundings, and in attracting retail customers from Lynnwood and elsewhere in the region, including light rail riders. The city should intensify efforts to find common cause in planning the future layout of this block and its interface with 44th Ave W, investing in a quality pedestrian environment that ties in with the changing city. This relationship could set a precedent for the

development of mixed-use and residential development in blocks designated for more density near the Link light rail station.

### **3. Create a front door gateway to make arrival in Lynnwood clear and inviting.**

- a. *Pedestrian and Bike Improvements:* Redesign 44th Ave W into a pedestrian zone to serve as a welcoming, multi-modal civic spine. As a major north-south multi-modal connection, 44th Ave W is well-positioned to serve the City of Lynnwood. Tying in with the eastern edge of the designated station area, 44th Ave W can be perceived as a way into the decades-old centers of life in Lynnwood. Enhancements to the pedestrian environment there, and in bicycle lanes, will send a clear signal to potential residents, developers and investors that Lynnwood is looking ahead to a new generation of inhabitants, one that is more mobile and less dependent on cars.
- b. *Branding and marketing:* Gateway and signage improvements to the freeway underpass at 44th Ave W will help to bring attention to other changing features of the city.

### **4. Understand the demographic market preferences facing Lynnwood.**

In addition to housing for seniors, aging Baby Boomers, and empty nesters, multi-family housing projects could include student housing linked to local community colleges, and accommodate Lynnwood's increasingly diverse and more youthful population. In multi-family housing, new emphasis should be placed on workforce housing, especially for millennials and beyond. In general, accommodation should be made for new residents who are growing their families and looking for affordability.

### **5. Build a walkable City Center, beginning within the station area.**

- a. *Prioritize pedestrians and bicycles in City Center:* Revisit right of way lane widths to improve the pedestrian environment and improve sidewalk walking space to allow for two or more people to comfortably walk next to each other down the street. Currently, the five-foot walking space does not allow for this. Bike lanes throughout the city, including City Center should be evaluated for adding a lane of car parking or other protected facilities to serve as a buffer that will encourage more biking on city roads.
- b. *Green buffer:* A 6 to 12-foot wide green buffer along the west side of future 44th Ave W streetscape improvements could achieve modality goals for Lynnwood by combining new infrastructure with a number of amenities, such as:
  - A walkway wide enough for two or more people to walk together down the street
  - A green planting strip that could include trees and natural filtration
  - A bicycle lane or further enhanced bicycle facilities such as a multi-use trail or cycle trackThis strategy would create shared-use benefits with adjacent parcels by buffering them from traffic and adding value in the landscape.
- c. *Parks and green space development:* Opportunities for small park development should be sought, especially among or adjacent to parcels in the block to the west of 44th Ave W and 196th Street SW. For optimum public benefit and amenities, park space could be tied in with a green buffer along 44th Ave W.

- d. *Creating a distinct place:* Wayfinding need not depend on signage. It can be enhanced with other investments like special paving and public art. In planning, special emphasis should be placed on the experience of the pedestrian who is debarking in Lynnwood and does not know the city. This begins in the design of the station itself, with its circulation plan and vantage points.

## Mid-term Actions (6-12 months)

### 1. Zoning incentives need to be targeted on mixed use, “5-over-1” developments.

- a. *Adapt zoning codes:* Based on the market and the foreseeable future, the City of Lynnwood would optimize realistic development outcomes by adapting zoning to low-to-midrise construction and related densities. Zoning codes and permitting processes should be adjusted accordingly. “Five-over-one” (six to seven story) is the construction type most likely to be supported by market conditions. Therefore, high quality, mixed-use five-over-one development should be supported and encouraged.
- b. *Adjust height limits:* Adjust height limits and regulations to encourage five-over-one construction types and multi-family construction projects in the range of 140 units. International Building Code rules are becoming more accommodating of taller wood frame construction. The City of Seattle has a relevant amendment that could be used as a model.

### 2. Cultivate and connect assets that already exist in Lynnwood

- a. *Transit and station area:* With thousands of passengers already boarding and arriving and more transit users to come when the Link light rail opens, the city is laying the groundwork for compatible development in the coming decades, and starting to create a pedestrian infrastructure that will connect the City Center in a new way. The existing Lynnwood Transit Center is a good starting place to test feasibility of TOD.
- b. *Existing multifamily and SF neighborhoods near station:* The existing residents walking, shopping, eating and commuting in City Center will be a critical stepping stone in transitioning from a place for cars to a place for people. New development alone is unlikely to create the desired new culture.
- c. *Natural area and regional trail connection:* A pristine wetland lies along the southwest edge of the light rail station area. As part of Lynnwood’s largest natural drainage system, Scriber Creek, this wetland area is preserved by law. In addition to functioning as a natural filtration system, the area serves as a scenic amenity, with Scriber Creek Trail running through it and eventually joining with the regional Interurban Trail system on the east side of the Lynnwood Transit Center. By leveraging incoming improvements to the Scriber Creek Trail, the nexus of these three transportation system improvements could also become a regional recreational amenity.
- d. *City Center retail and small businesses:* Lynnwood can build a reputation as a regional crossroads, largely based on its retail environment. While much of the retail currently located within the city consists of typical strip malls, some retail investors may be interested in more urbanized retail, situated in an inviting, pedestrian-friendly environment. Lynnwood should curate a retail mix of local small businesses and unique chains to create a destination retail node in City Center and support shared utility infrastructure such as vents, kitchen equipment, etc. amongst local vendors to

- lower costs. Other investments could include infrastructure for a farmer's market and food/retail incubator site.
- e. *Lynnwood Civic Center campus and Lynnwood Recreation Center*: Lynnwood's garden-like 1970s-era civic campus, with its mature trees and groomed landscape, is a civic amenity. Lynnwood Recreation Center, with its year-round indoor waterpark, has a regional reputation and draws visitors throughout the region. Making a convenient connection to these regional assets, in particular the Recreation Center, via transit should be incorporated in the planning process.
  - f. *Convention Center*: Lynnwood Convention Center opened in 2005, with 34,000 square feet of flexible meeting space. Accommodating groups from 20 to 2,500, it has performed well, meeting pent-up demand in its category for regional small scale conferences with hotels that accommodate visits. While the center is outside of the core transit 1/4 mile to 1/2 mile walkshed, the pedestrian connection to Convention Center should be enhanced as the site is a strong asset in the Lynnwood market.
  - g. *Alderwood mall*: Lynnwood's mall, which lies just outside the City Center, draws customers from around the Seattle region. It has invested in a recent expansion and renovation that gives it more urban outdoor circulation. The City of Lynnwood should continue focus on the pedestrian enhanced environment centered inside the transit node regardless of any plans the Alderwood mall ownership may take to enhance their property in a pedestrian oriented manner.

## Long-term Actions (12-36 months)

### **1. Commit to maintaining housing affordability and diversity within City Center.**

By developing affordable and mixed-income housing and retaining the existing affordable options to the west of the station, the City Center can create a TOD node around the moderate-income workers most likely to use transit.

### **2. Support the small businesses and retail within City Center.**

The city should encourage developers to be creative in designing retail spaces that accommodate local small businesses and unique retail and to include small business owners in conversations pertaining to development. Investments could include shared utility infrastructure, food and retail incubator sites, and indoor/outdoor farmer's markets.

### **3. Pursue New Markets Tax Credits (NMTC) or similar incentive programs.**

Though NMTC is a very competitive program, it would offer the city a new tool to undertake commercial development to spur economic growth in City Center. City should map eligibility of the City Center area for New Markets Tax Credits (or similar incentives) and pursue partnerships that would make the city more competitive in submitting an application.

### **4. Be a municipal leader in reducing regulations and create an even more expedited process for permitting.**

- a. *Flexibility parking requirements*: Refinement for accommodating and negotiating surface parking should be encouraged. However, it should not compromise street frontages in design guidelines and zoning incentives. The city can be flexible otherwise on off-street parking and consider eliminating or lowering parking

requirements. The current market can be supported by a ratio as low as 1.3 parking spaces per unit.

- b. *Spread burden of undergrounding utilities:* Consider removing undergrounding requirements in City Center, alternately create Local Improvement District. City should rationalize and spread the burden for undergrounding utilities. Current regulations place an undue burden on the first to develop in a block.

## VI. Conclusion

The City of Lynnwood has a promising future as a regional center and has great potential for successful transit-oriented development in its City Center and transit station area that could benefit its existing residents and businesses. By proactively following the action plan and implementing recommendations from the TAP, the city positions itself to make impactful and visible public investments to attract private investments as well as new residents and visitors to a vibrant and walkable environment.

**Appendix A:** Lynnwood TOD Implementation Market Conditions Summary

**Appendix B:** Full Size Maps

**Appendix C:** Lynnwood TAP Briefing book

**Appendix D:** Urban Land Institute TAP Report

**Appendix E:** Project Timeline and Project Team

The National Public Transportation/Transit-Oriented Development Technical Assistance Initiative is a project of the Federal Transit Administration administered by Smart Growth America.



# Lynnwood TOD Implementation Market Conditions Summary

Prepared for Smart Growth America, Enterprise Community Partners,  
and City of Lynnwood

Prepared by Strategic Economics

September 2, 2016



# Table of Contents

1. Study Area Geographies and Context
  2. Existing Land Use and Property Ownership
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  4. Real Estate Market Conditions
  5. Comparative Downtown Case Studies
  6. Joint Development/TOD Options and Opportunities
  7. Summary of Jones Lang LaSalle Draft Report
- Appendix – Full Page Maps

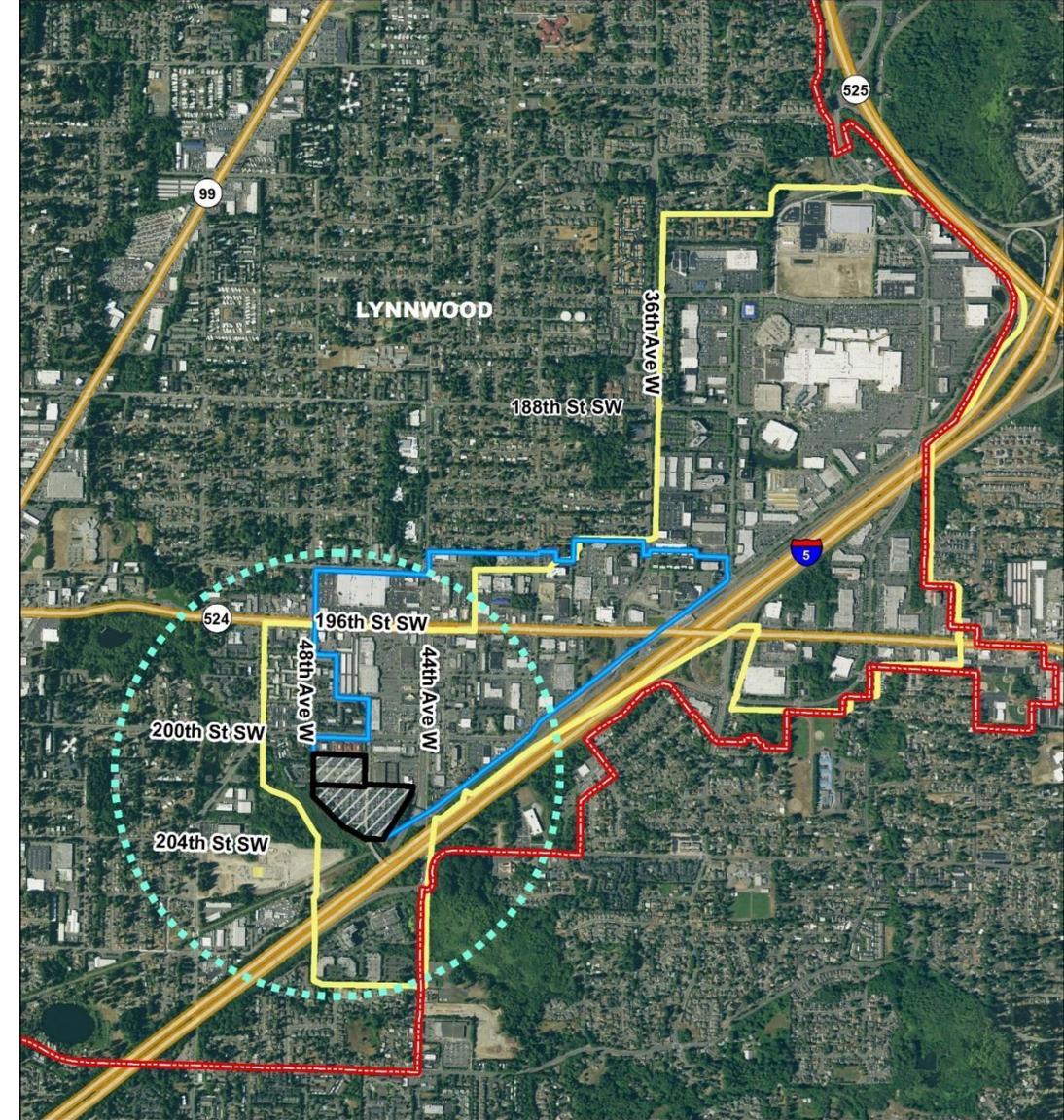
# 1. Study Area Geographies and Context

This section looks at the City Center Subarea in relation to Puget Sound Regional Council's (PSRC) Lynnwood Regional Growth Center and the half-mile radius of the Lynnwood Transit Center, which will be referred to as the "Lynnwood Transit Zone."

# 1 Study Area Geographies and Context

## Study Area Geographies

- Puget Sound Regional Council (PSRC) Regional Growth Center
- City Center Subarea Plan Boundary
- Lynnwood Transit Zone
  - 1/2 Mile Buffer around Lynnwood Transit Center



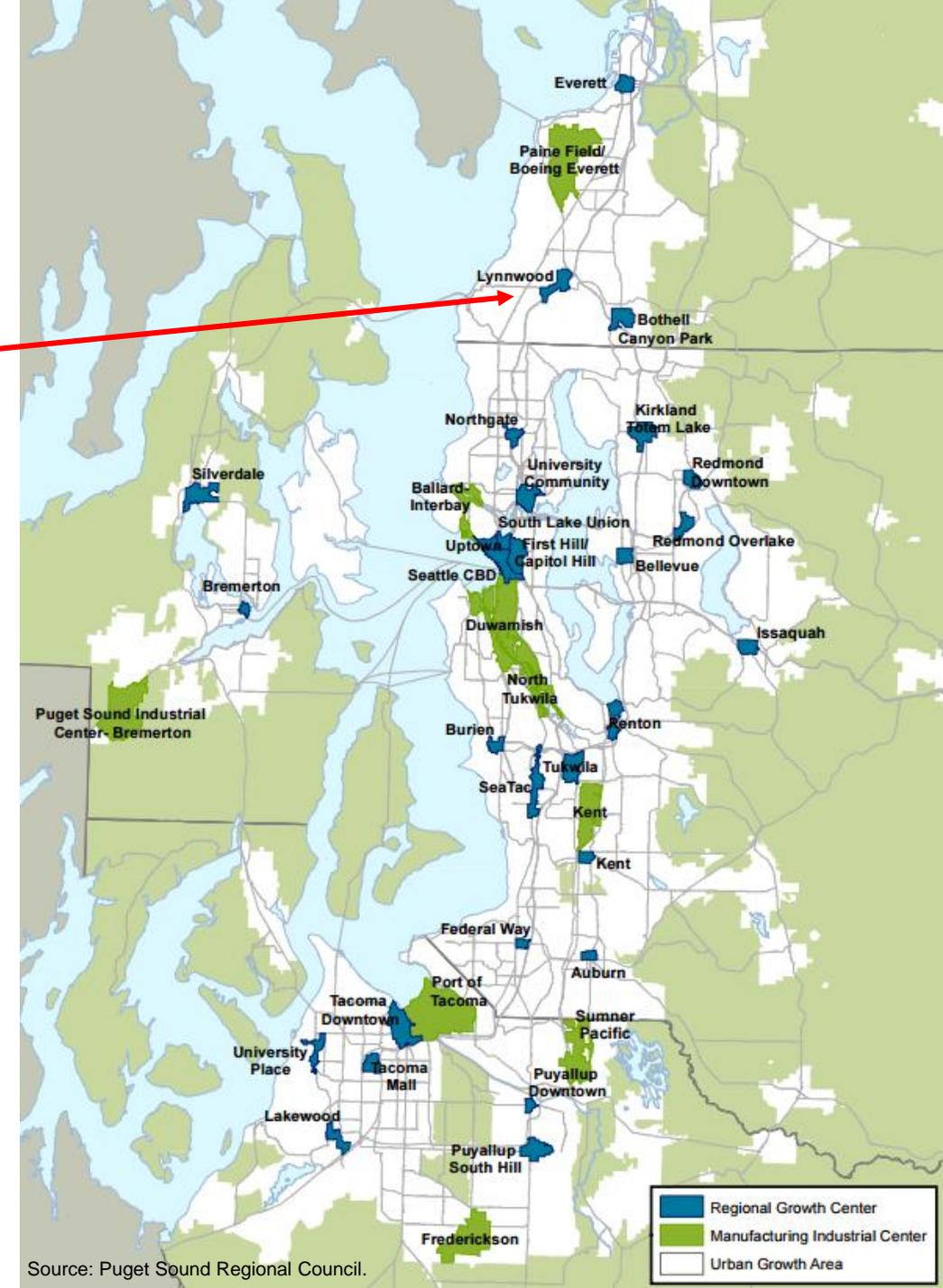
### Context Map

-  PSRC Regional Growth Center
-  Lynnwood Transit Center
-  City Center Boundary
-  Lynnwood Transit Zone (1/2 Mile Buffer)
-  Lynnwood City Boundary

Sources: City of Lynnwood, 2016; Strategic Economics, 2016.

## Defining Geographies

- PSRC's *VISION 2040 Plan* identified “regional growth centers” as areas that should receive a greater proportion of the region’s population and employment growth, as well as for regional funding to improve access and mobility—especially for walking, biking, and transit. **The Lynnwood regional growth center** is the only designated center on I-5 between Seattle Northgate and Everett.
- **Lynnwood City Center Subarea** is an area designated to accommodate much of Lynnwood’s projected growth, as laid out in the City Center Subarea Plan (adopted in 2005, updated in 2007) and is expected to accommodate between 3.3 and 9.1 million square feet of development. The City is prioritizing infrastructure projects, zoning regulations, PSRC growth center designation, development incentives, and other major initiatives in the City Center Subarea.
- The half-mile radius around the Lynnwood Transit Center will be referred to as the **Lynnwood Transit Zone**. A half-mile radius helps us better understand the 10-15 minute walk-shed to the station.



## 2. Existing Land Use and Property Ownership

This section looks at the existing land use and property ownership of parcels within the Lynnwood Transit Zone and City Center Subarea using data from the Snohomish County Assessor and RealQuest, a property database. The following maps are to provide context and do not necessarily represent development opportunity sites.

# Existing Land Use and Property Ownership Findings

## Existing Land Use

- There are 552 acres within the Lynnwood Transit Center (1/2 mile buffer) and the City Center Subarea.
- Commercial land make up 47% of total acreage. Meanwhile, publicly owned land make up 22% of total acreage. The majority of this land is not developable or available for redevelopment.
- Residential land comprises over 20% of total acreage but are primarily found in the Lynnwood Transit Zone, not in City Center Subarea.
- While retail uses do dominate the commercial land uses in the area, there is also a significant proportion of office use.
- The Lynnwood Transit Center and future light rail station are located in a challenging place in that these publically owned land uses are surrounded by constrained conditions on all sides.

## Property Ownership

- Over half of the privately owned parcels are held by long time owners and there has been few recent efforts to assemble multiple contiguous parcels.
- The two largest commercial property holdings are held by a strong retailer operator (Merlone Geier) and a long standing strip commercial owner (Fred Meyer), both of which are not developers seeking to make a return on new construction or mixed-use in the near term. Merlone Geier has recently consolidated over 18 acres of property, but has stated there are no immediate plans to build housing.
- It is difficult to fully evaluate commercial land values. There have been only a few recent transactions and the data can be incomplete, but it appears that land values are high relative to the values Jones Lang LaSalle indicated would allow residential development to move forward. JLL found that projects could pay \$30 per square foot for land for moderate to high density projects, assuming \$1.95 per sq. ft. rents (refer to section 7).

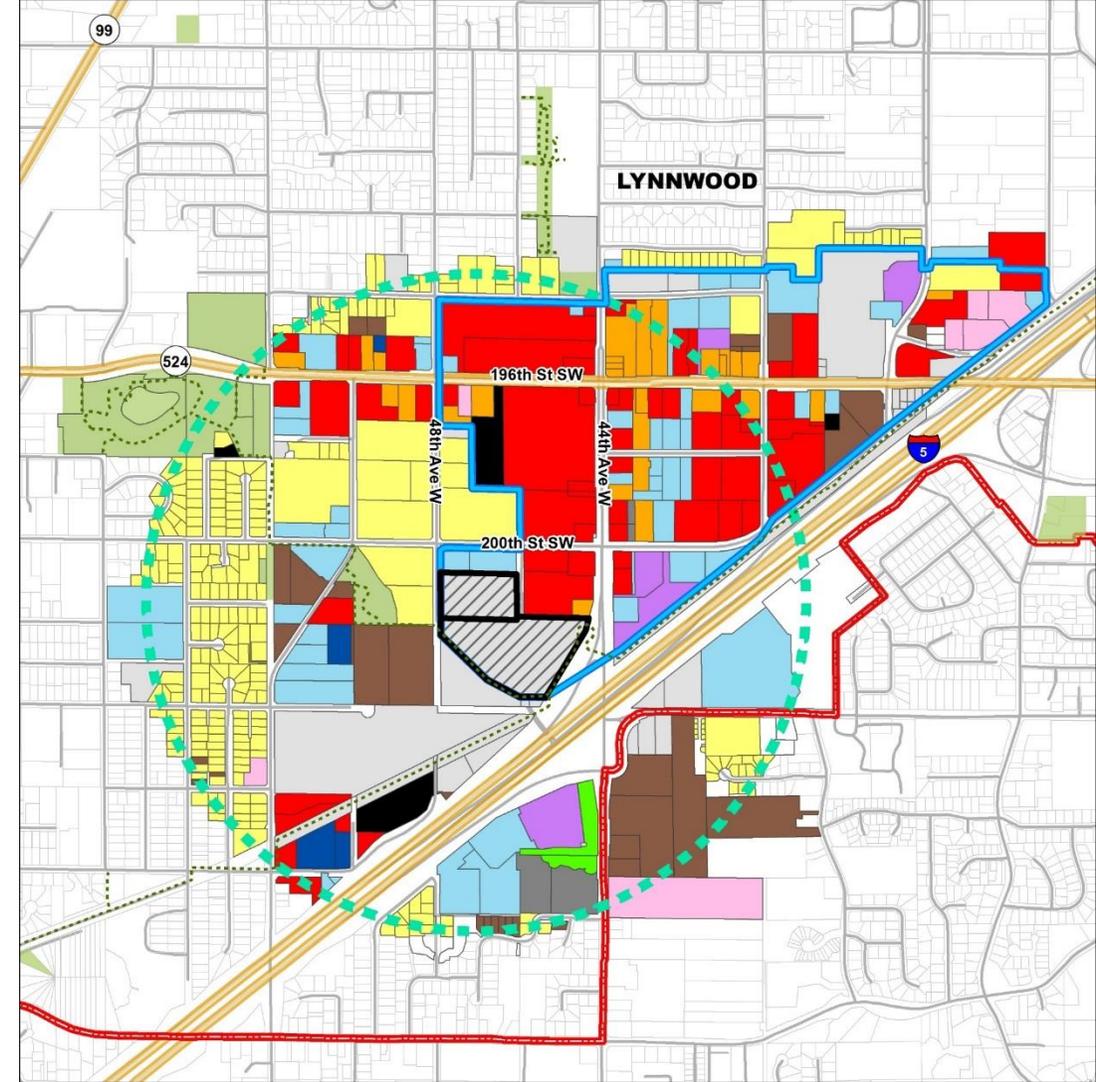
## 2 Existing Land Use and Property Ownership

### Land Use

Land Use	Parcels	Acres	% of Total Acres
Commercial Land	207	262	47%
Publicly Owned Land	48	122	22%
Residential	526	117	21%
Unclassified	13	5	1%
Other (Parks, Utilities, and Religious/Cultural)	18	47	9%
<b>Total Parcels</b>	<b>812</b>	<b>552</b>	<b>100%</b>

\*Residential includes condos, which have individual parcel numbers.

Commercial Land By Land Use	Parcels	Acres	% of Total Private Commercial Acres
Retail/Personal Services	67	94	36%
Office	61	68	26%
Eating and Drinking Place	31	26	10%
Hotel/Motel	5	13	5%
Misc. Manufacturing	4	5	2%
Parking Lot	4	6	2%
Undeveloped (Vacant) Land	35	50	19%
<b>Total Commercial</b>	<b>207</b>	<b>262</b>	<b>100%</b>



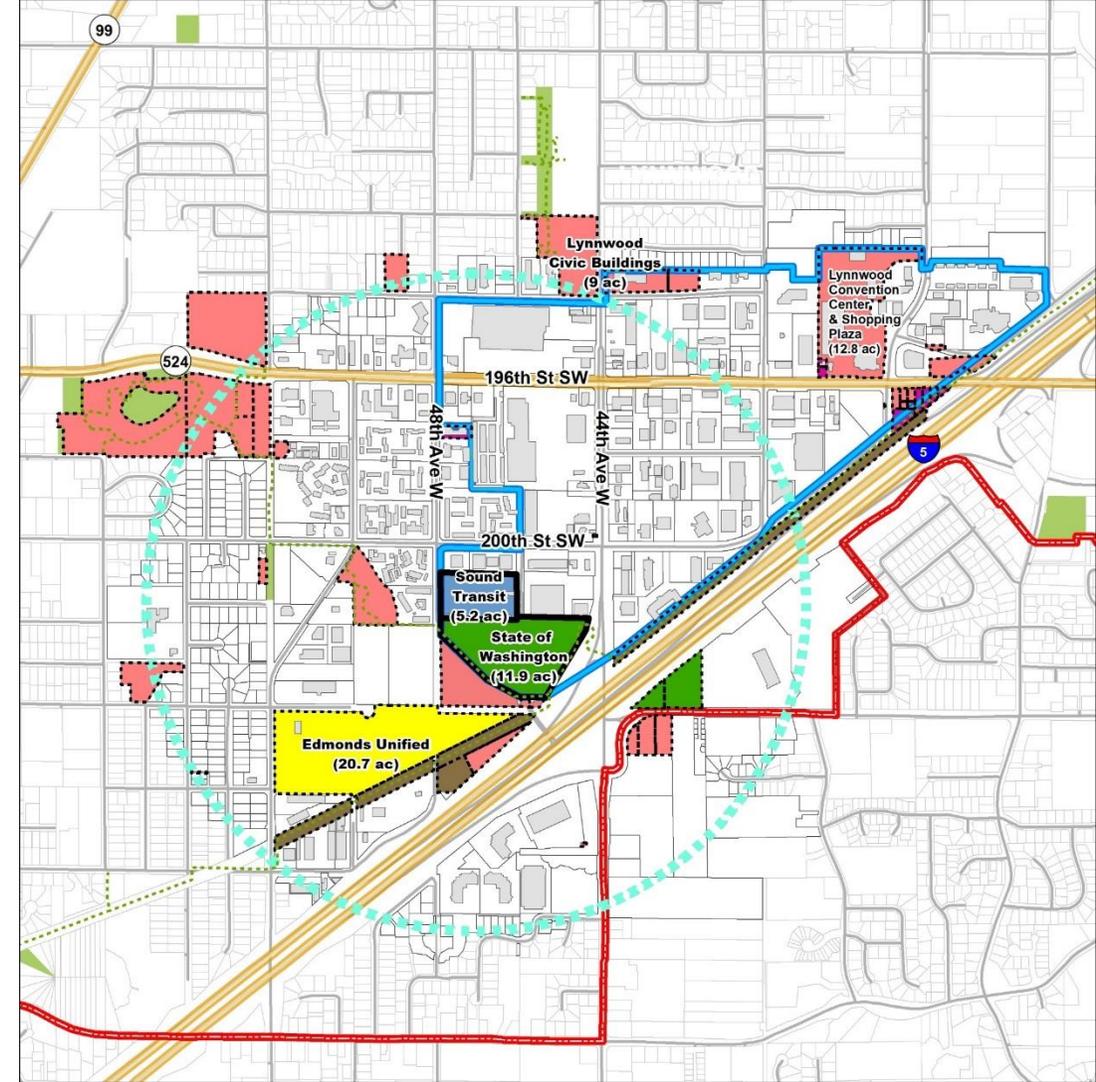
#### Privately Owned Parcels by Land Use



# Public Land By Ownership

- The majority of this land serves a public use and therefore not available for redevelopment.

Public Agency	Parcels	Acres	% of Total Public
			Acres
City of Lynnwood	29	66.9	55%
Edmonds School District	1	20.7	17%
State of Washington	6	15.2	12%
Public Utility District	3	11.6	9%
Sound Transit	1	5.2	4%
Snohomish County	8	2.1	1%
<b>Total Publicly Owned Land</b>	<b>48</b>	<b>121.6</b>	<b>100%</b>



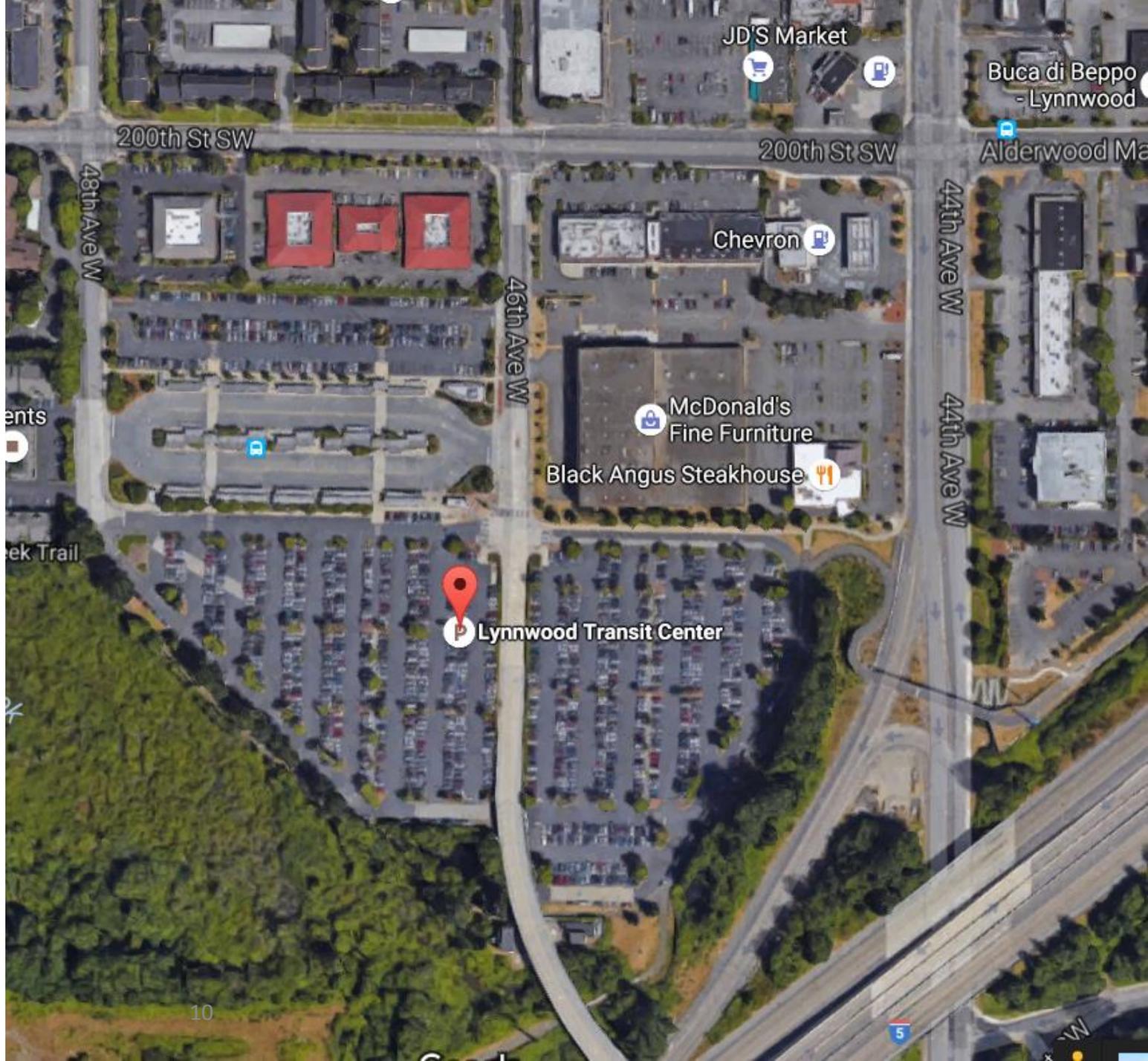
### Publicly Owned Parcels



## 2 Existing Land Use and Property Ownership

# Existing Lynnwood Transit Center

- The Lynnwood Transit Center is a regional transit hub, with over 19,000 transit riders travelling daily north and south on the I-5 corridor between Seattle and Lynnwood.
- About 8,400 bus riders board at Lynnwood Transit Center. Most arrive by bus and transfer to another bus.
- There are 781 buses using Lynnwood Transit Center every weekday (Community Transit and Sound Transit)
- The current park-and-ride lot carries 1,368 parking spaces



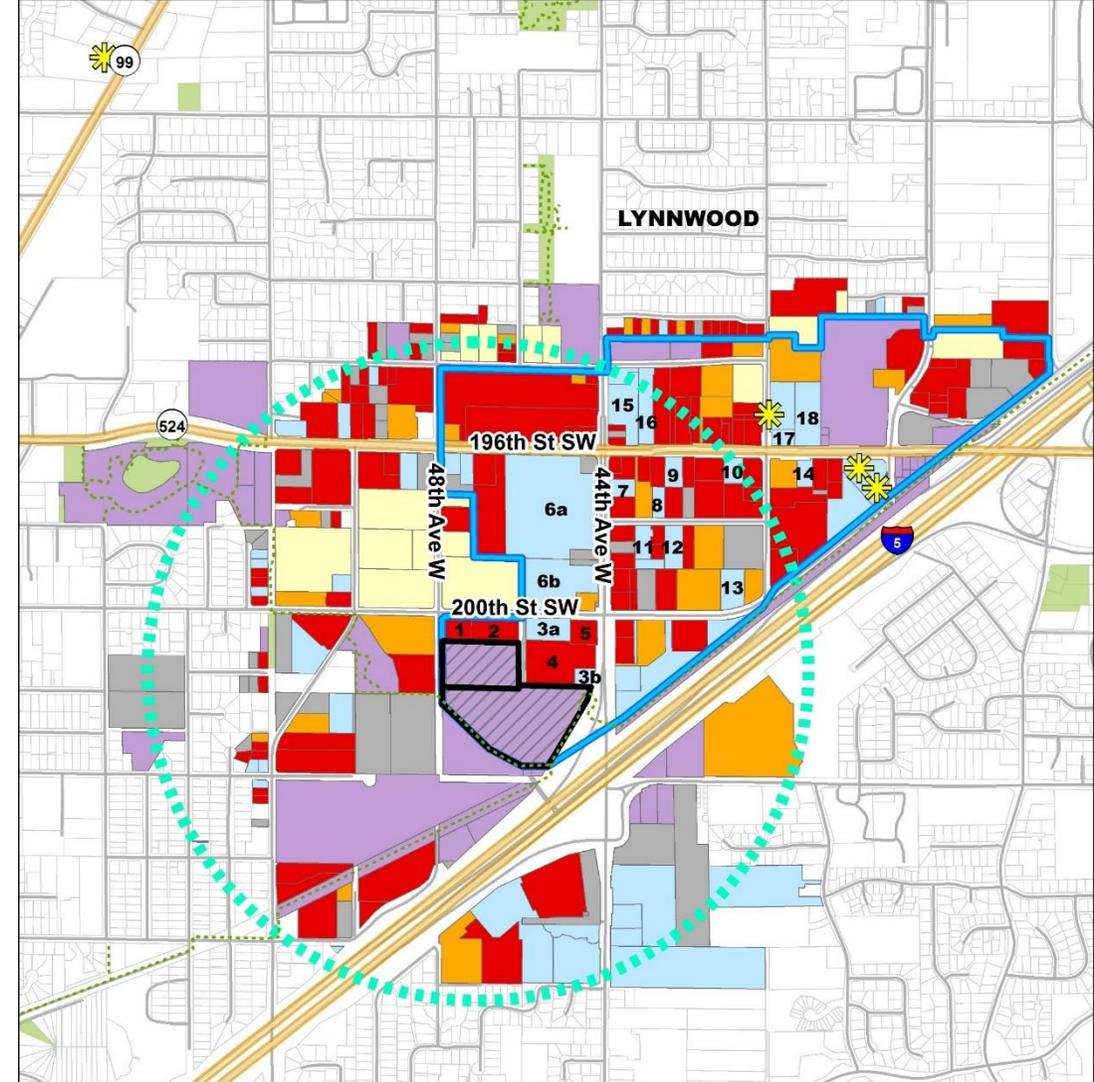


## 2 Existing Land Use and Property Ownership

# Ownership Turnover and Length of Commercial Parcel Ownership

Ownership Length	Parcels	% of Total
Less than 6 years	123	20%
6 - 11 years	85	14%
12 years or greater	310	51%
No sale data	86	14%
<b>Total</b>	<b>604</b>	<b>100%</b>

For further detail on property ownership, see next page.



### Length of Parcel Ownership

- Less than 6 years
- 6 - 11 years
- 12 years or greater
- No sale data
- Publicly Owned Parcels
- Residential Buildings
- Lynnwood Transit Center
- City Center Boundary
- Lynnwood Transit Zone (1/2 Mile Buffer)
- Major Development Project

## 2 Existing Land Use and Property Ownership

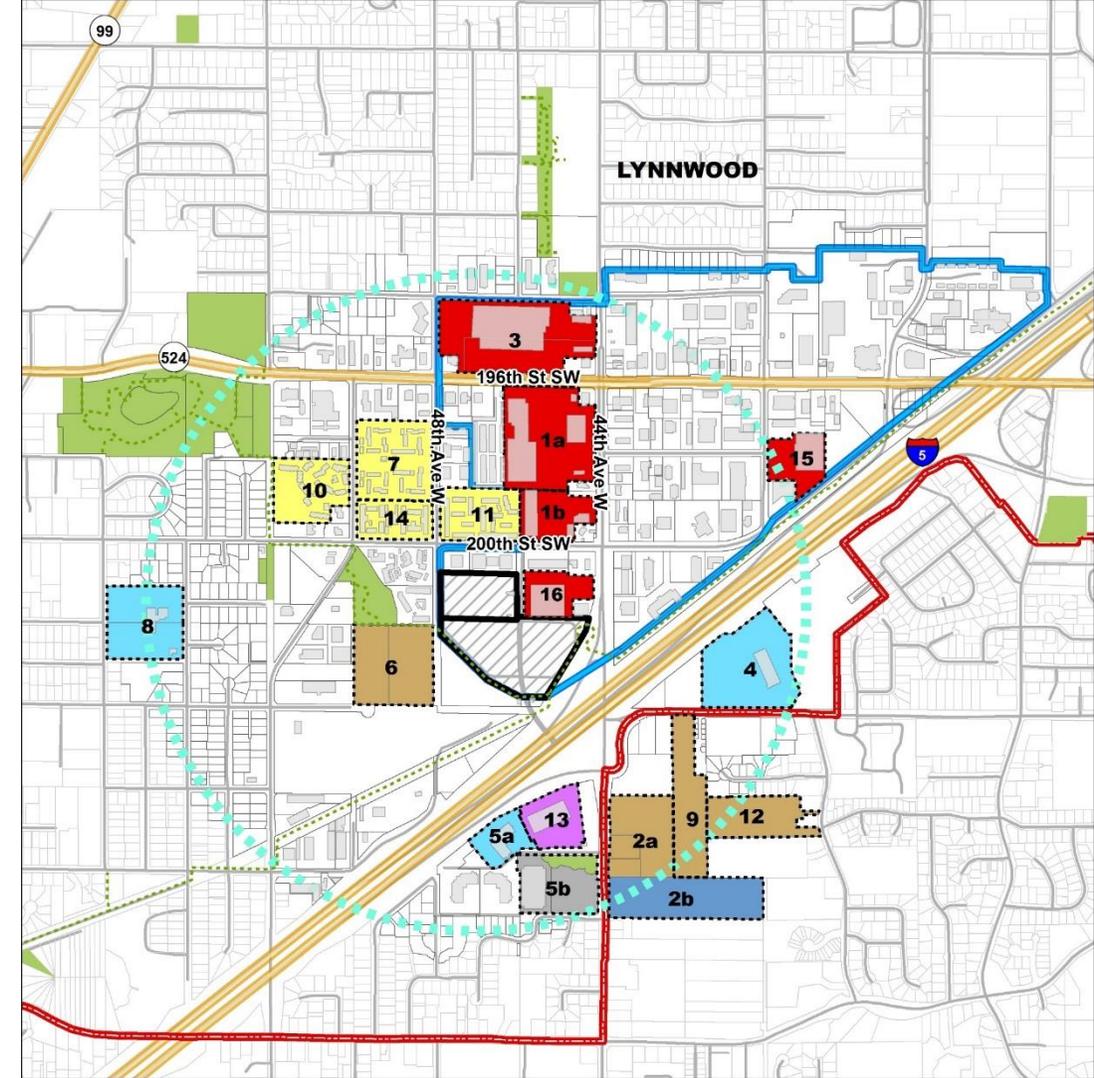
Detailed Ownership Information for Key Parcels in the Transit Zone/City Center Areas (refers to map on previous page)

ID	Buyer/Current Taxpayer	Seller	Parcel Size	Last Market Sale	Land Use	Sale Price Per Sq. Ft.*	Notes
1	CLS OFFICE BUILDING	SUGDEN JOHN R	1.1	1996	Office		
2	KELLY PATRICK JJ	HARTMAN DAVID E & B	1.8	1986	Office		
3a	K&F CHANG LLC	LEVITZ CENTER ASSOCIATES	1.5	2013	Retail/Personal Services		
3b	K&F CHANG LLC	LEVITZ CENTER ASSOCIATES	0.5	2013	Eating and Drinking		
4	BLAZEN	LEVITZ SL SEATTLE LLC	4	2002	Retail/Personal Services		
5	CHEVRON TEXACO	C-W ASSOCIATES PS	1	1986	Retail/Personal Services		
6a	MGP XI LYNNWOOD LEASEHOLD LLC	LYNNWOOD SQUARE; AMERICAN NATL INS	13.2	2015	Retail/Personal Services	\$20	8 parcels were consolidated. Bargain and sale deed.
6b	MGP XI PROPERTIES LLC	HERB & SHARON MEAD/FOOTHILL SHADOWS LLC	5.0	2016	Retail/Personal Services	\$42	Recently purchased on 6/1/16. Bargain and sale deed.
7	NORTHWOOD BUILDING LLC	CLAY 4 LLC	0.7	2016	Office	\$58	Recently purchased on 6/29/2016
8	ALEXANDER DEAN & SHAWN	DAILY HERALD CO	0.6	2012	Office		
9	ODEGARD & BOSECK LLC	MJ SON LLC	0.8	1987	Retail/Personal Services		
10	LINCO INVESTMENTS LLC	TOTALTIDE LLC	0.7	2013	Retail/Personal Services		
11	SARB-KARM ENTERPRISES LLC	COLUMBIA ST BK	0.8	2015	Eating and Drinking	\$25	Bargain and sale deed
12	MERIDIAN ASIA LLC	EVERBANK FSB	1.2	2013	Office		
13	WESCO MANAGEMENT LLC	MILLER ARDEN T & CAROL L	1.4	2011	Retail/Personal Services		
14	CC-OWATONNA MN LLC	KALGARY BUILDING ASSOCIATES	0.6	2014	Office		
15	S & J1 Inc	ARCHADIA PROPERTIES LLC	2.4	2015	Eating and Drinking	\$45	
16	GGC REAL ESTATE INVESTMENTS III LP	ARCP RL PORTFOLIO VIII LLC	1.7	2015	Eating and Drinking	\$78	Special warranty deed
17	BURGAS LLC	WASHINGTON FEDL	0.6	2015	Retail/Personal Services	\$86	Bargain and sale deed
18	LYNNWOOD WESCO LLC	WASHINGTON FEDL SVGS	2.5	2012	Retail/Personal Services		Quit claim deed

# Consolidated Ownership

- About a quarter of total acreage is under consolidated ownership, where one owner owns 4 or more acres. Parcels under a single ownership are not always contiguous.

ID	Landowner	Parcels	Acres	% of Total	Length of Ownership
1a, 1b	MGP XI PROPERTIES LLC	9	18.2	13%	Less than 6 years
2a, 2b	TABERNACLE	4	17.1	12%	1a (Less than 6 years), 1b (Less than 6 years)
3	FRED MEYER STORES INC	2	14.9	11%	12 years or greater
4	ZIC II LLC	1	10.9	8%	6-11 years
5a, 5b	HUDSON NORTHVIEW LLC	4	10.0	7%	5a (Less than 6 years), 5b (Less than 6 years)
6	LCC ASSOCIATES LLC	2	9.4	7%	No sale data
7	WOODLAND GREENS GJJ LLC	3	8.9	6%	6-11 years
8	GROUP HEALTH COOPERATIVE	2	8.2	6%	No sale data
9	MAFUNE MICHAEL J	1	7.1	5%	No sale data
10	LYNNWOOD BEAVER COVE LLC	1	6.7	5%	Less than 6 years
11	GROSVENOR USA LIMITED	1	6.2	4%	Less than 6 years
12	PELKE DAVID J	1	6.0	4%	Less than 6 years
13	FO LYNNWOOD PROPERTY LLC	1	4.6	3%	12 years or greater
14	HEARTHSTONE HOUSING FOUNDATION	1	4.3	3%	Less than 6 years
15	NORTHWEST WA PROPERTIES LLC	1	4.2	3%	12 years or greater
16	BLAZEN LLC	1	4.0	3%	12 years or greater
<b>Total</b>		<b>35.0</b>	<b>140.7</b>	<b>100%</b>	



### Top Consolidated Landowners By Land Use 4 or More Acres

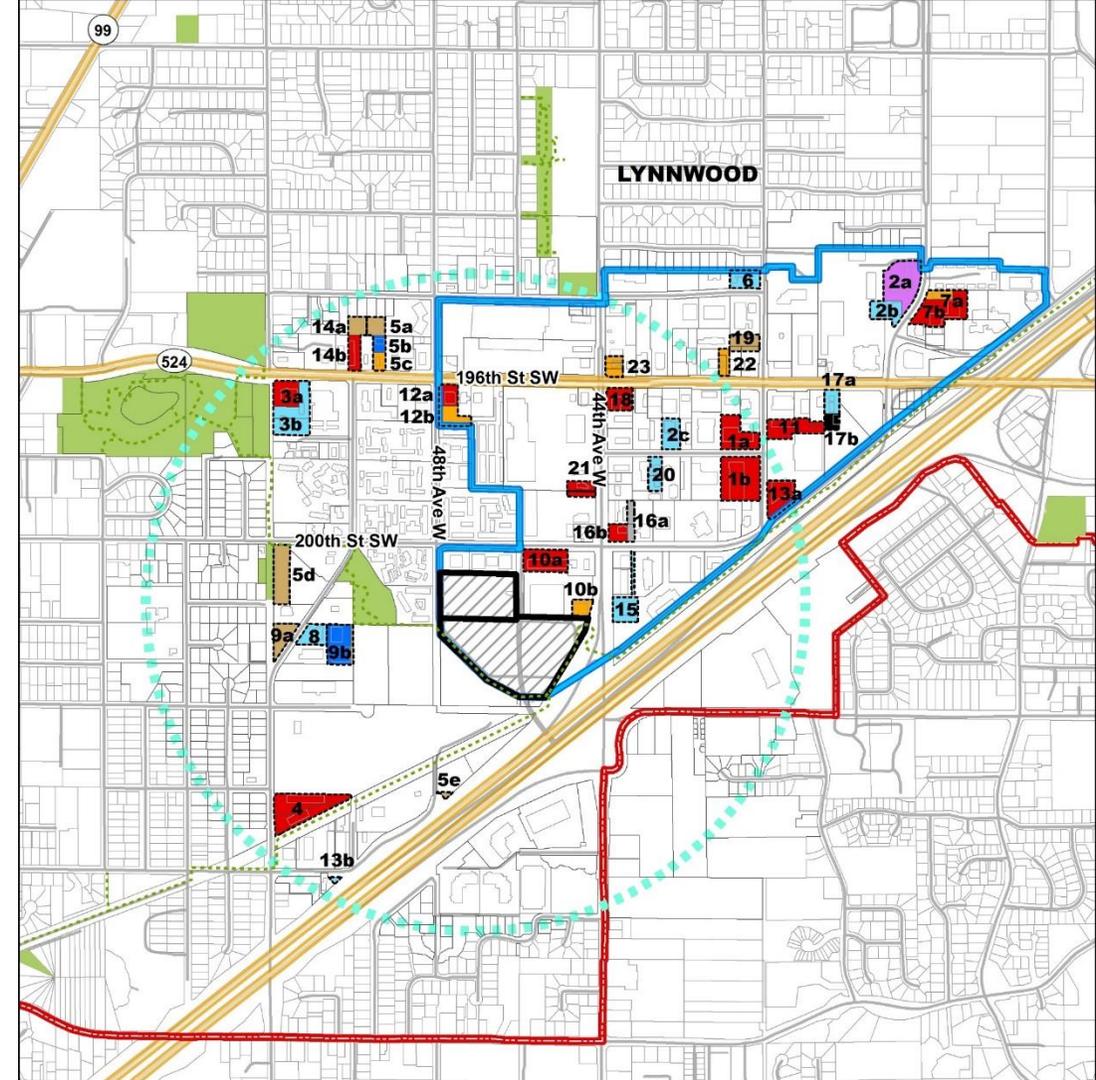


## 2 Existing Land Use and Property Ownership

### Commercial Landowners Owning Multiple Parcels

- Small consolidated land ownership make up 7% of total acreage

ID	Landowner	Parcels	Acres Combined	% of Total	Length of Ownership
1a, 1b	40TH AVENUE ASSOC I	2	4.0	10%	1a (12 years or greater), 1b (No sale data)
2a, 2b, 2c	SKS PROPERTIES	3	3.9	10%	2a (12 years or greater), 2b (6-11 years), 2c (12 years or greater)
3a, 3b	GLEN HAVEN LLC	3	2.9	7%	3a (12 years or greater), 3b (12 years or greater)
4	SOREHCRA	2	2.6	7%	12 years or greater
5a, 5b, 5c, 5d, 5e	SPRAGUE WALTER	5	2.7	7%	No sale data
6	BURDETT CHRIS	3	2.4	6%	6-11 years
7a, 7b	HAYEK'S PROPERTIES LLC	2	2.3	6%	7a (12 years or greater), 7b (12 years or greater)
8	CDR GROUP LLC	3	2.3	6%	No sale data
9a, 9b	NICKLE GEORGE	3	2.3	6%	9a (No sale data), 9b (Less than 6 years)
10a, 10b	K & F CHANG LLC	2	2.0	5%	10a (Less than 6 years), 10b (Less than 6 years)
11	MAGNOLIA INVESTMENT PARKLAND LLC	2	1.4	3%	12 years or greater
12a, 12b	PARSI PROPERTIES LLC	2	1.4	3%	12a (Less than 6 years), 12b (No sale data)
13a, 13b	PINNACLE INVESTMENT PROPERTIES LLC	2	1.4	3%	13a (12 years or greater), 13b (Less than 6 years)
14a, 14b	BRONSON STEPHENSON LYNN LLC	2	1.2	3%	14a (12 years or greater), 14b (12 years or greater)
15	FRATER PROPERTIES LLC	2	1.1	3%	Less than 6 years
16a, 16b	FUETTE VALERIE	3	0.9	2%	16a (12 years or greater), 16b (12 years or greater)
17a, 17b	QUANTUM VENTURES LLC	2	0.9	2%	17a (12 years or greater), 17b (12 years or greater)
18	GALVEZ LORENA AND TERESA	2	0.9	2%	12 years or greater
19	GRANTWOOD LLC	3	0.8	2%	12 years or greater
20	CARSTENS CO	2	0.7	2%	12 years or greater
21	FIRST AMERICAN COMMERCIAL REAL ESTATE	2	0.7	2%	No sale data
22	CORNER INVESTMENT CO	2	0.4	1%	12 years or greater
23	JACK IN THE BOX INC	3	0.5	1%	12 years or greater
	<b>Total Small Consolidated Ownership</b>	<b>57</b>	<b>39.4</b>	<b>100%</b>	<b>15</b>



#### Landowners Owning Multiple Parcels By Land Use Less than 4 Acres



Sources: Snohomish County Assessor, 2016; City of Lynnwood, 2016; Strategic Economics, 2016.

### 3. Demographic Trends

This section describes demographic and household trends for the Lynnwood Transit Zone (**one-mile area**) in comparison to the City of Lynnwood and County of Snohomish overall. The demographic analysis presented in this section aggregates household data for the Census Block Groups that make up the one-mile area of the Lynnwood Transit Center. Because there are so few households in the ½ mile area, the one-mile area was used. The one-mile area also represents a local serving retail trade area consistent with the kind of retail that is ideal for supporting higher-density housing near transit.

# Findings:

## Lynnwood Transit Zone (one-mile buffer) vs. City and Snohomish County

### Population and Households

- Between 2000 and 2014, the Lynnwood Transit Zone experienced a 9% growth in population, compared to 7% in the City of Lynnwood overall and 21% in Snohomish County.
- There is a greater proportion of non-whites in the Lynnwood Transit Zone (48%) than in the city (44%) and county (27%) overall.
- Compared to the city and county, the Lynnwood Transit Zone has a slightly greater share of households with children. Thirty-four percent of households in the Lynnwood Transit Zone have children under the age of 18, compared to 25% of households in the city and 32% in the county.
- The Lynnwood Transit Zone has a high proportion of renter-occupied households. Fifty-six percent of households in the Lynnwood Transit Zone are renter-occupied, compared to 47% citywide and 39% in the county.
- The median household income in the Lynnwood Transit Zone is \$40,100, which is 25% lower than the city overall, and 73% lower than Snohomish County.
- Nearly 90% of Lynnwood's employed residents leave the city for work. Thirty-percent of Lynnwood's employed residents travel to Seattle to work while 10% work in Lynnwood. Eight percent travel to Everett, and 12% travel to the Eastside cities of Bellevue, Redmond, and Kirkland. The remaining 30% work in other locations.

### Housing Stock

- Since 2000, there has been little housing development in either in the Lynnwood Transit Zone or the city. While the number of housing units in Snohomish grew by 23% between 2000 and 2014, the Lynnwood Transit Zone and City of Lynnwood grew by only 6 and 7%, respectively.
- Eight percent of all units in the Lynnwood Transit Zone were built in 2000 or later, compared to 10 percent citywide and 21 percent in the county.
- There is a greater proportion of multifamily housing (53%) than single-family (45%) in the Lynnwood Transit Zone, although this remains relatively low density.

### Transportation

- Eleven-percent of employed residents in the Lynnwood Transit Zone take public transit to work, compared to 10% in the city overall and 6% countywide.
- Employed residents of the Lynnwood Transit Zone taking public transportation to work has grown from 8 percent in 2000 to 11 percent in 2014.
- However, nearly half of employed residents of the Lynnwood Transit Zone spend half hour or more commuting to work, compared to 44% citywide and 45% in the county.

# Demographic Context Area Map

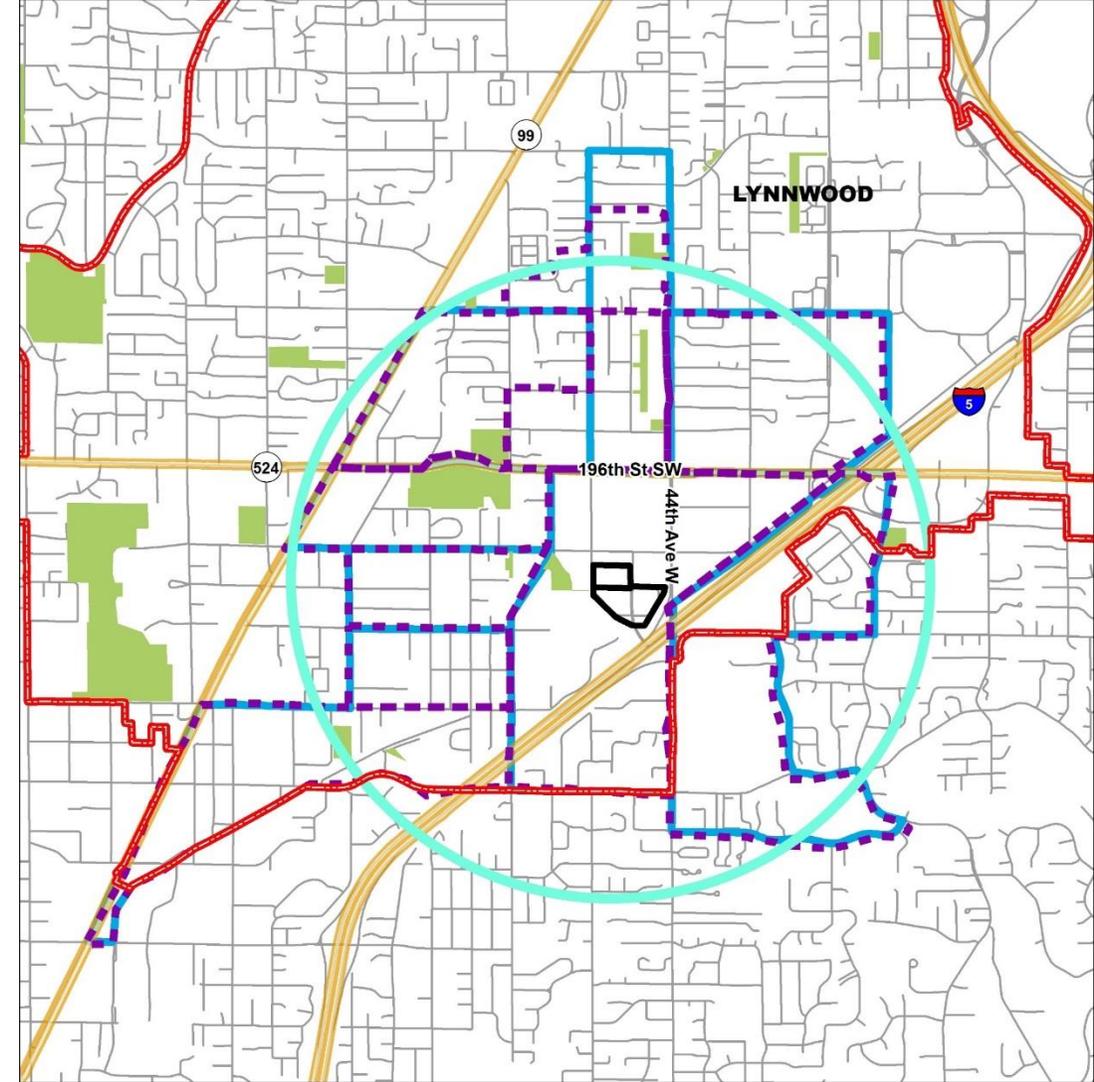
In the 2010 Decennial Census, there was a slight shift in block group boundaries, as shown on the map to the right. To illustrate demographic trends over time in the same geography, the following block groups were used in this analysis:

#### 2000 Block Groups:

1. Census Tract 514, Block Group 1
2. Census Tract 514, Block Group 2
3. Census Tract 514, Block Group 3
4. Census Tract 514, Block Group 5
5. Census Tract 514, Block Group 6
6. Census Tract 517.01, Block Group 1
7. Census Tract 517.01, Block Group 2
8. Census Tract 517.01, Block Group 3
9. Census Tract 517.02, Block Group 2
10. Census Tract 519.05, Block Group 4

#### 2010 and 2014 Block Groups:

1. Census Tract 514, Block Group 1
2. Census Tract 514, Block Group 2
3. Census Tract 514, Block Group 3
4. Census Tract 514, Block Group 5
5. Census Tract 517.01, Block Group 1
6. Census Tract 517.01, Block Group 2
7. Census Tract 517.02, Block Group 1
8. Census Tract 519.05, Block Group 1



**Demographic Context Area Map**

- Lynnwood Transit Zone Block Groups (2000)
- Lynnwood Transit Zone Block Groups (2010 & 2014)
- Lynnwood Transit Zone (1 Mile Buffer)
- Lynnwood Transit Center
- Parks and Open Space
- Lynnwood City Boundary

# Population and Households

	2000	2010	2014	Percent Change 2000-2014
<b>Population</b>				
Lynnwood Transit Zone	10,434	10,948	11,325	9%
City of Lynwood	33,847	35,836	36,267	7%
Snohomish County	606,024	713,335	735,351	21%
<b>Households</b>				
Lynnwood Transit Zone	4,175	4,392	4,363	5%
City of Lynwood	13,328	14,107	13,919	4%
Snohomish County	224,852	268,325	271,514	21%

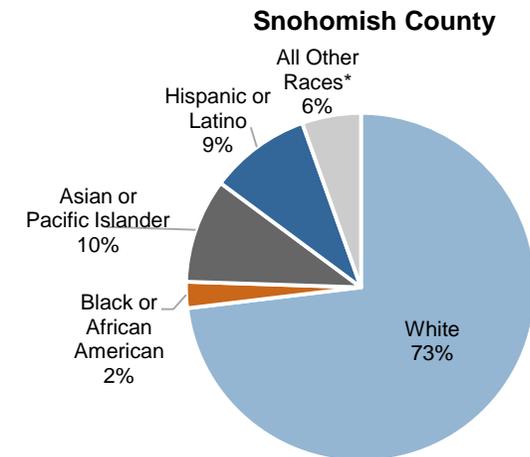
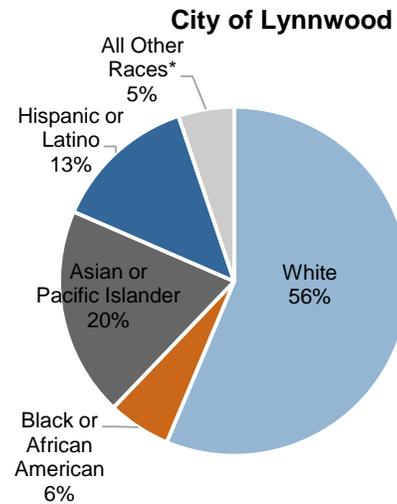
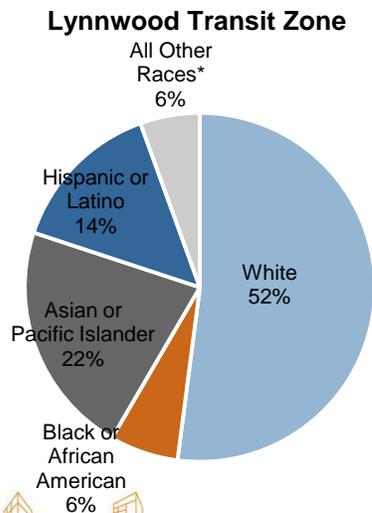
## Median Age

	2000	2010	2014
City of Lynnwood	34.9	37.3	37.8
Snohomish County	34.7	37.1	37.5

## Family Households with Children, 2014

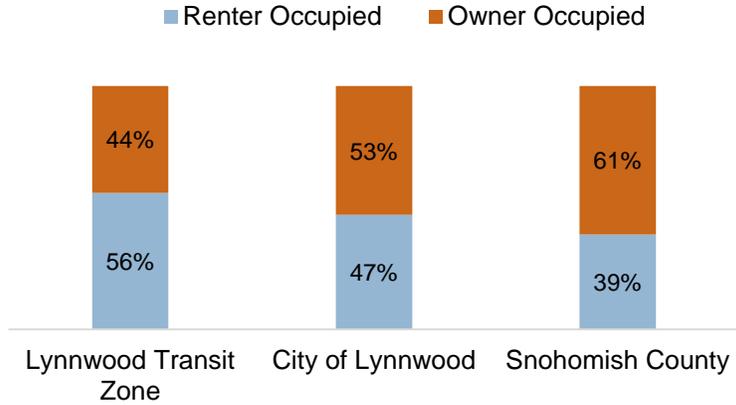
	2014
Lynnwood Transit Zone	34%
City of Lynwood	26%
Snohomish County	32%

## Race/Ethnicity, 2014



# Population and Households

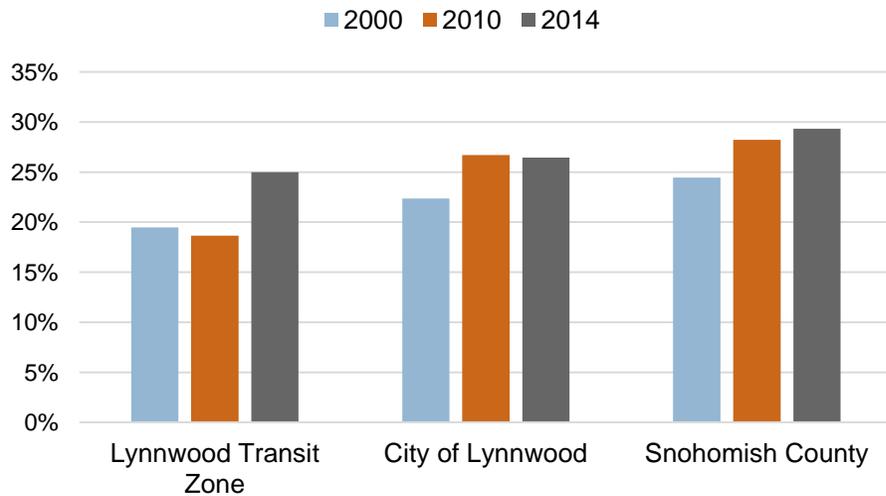
Tenure, 2014



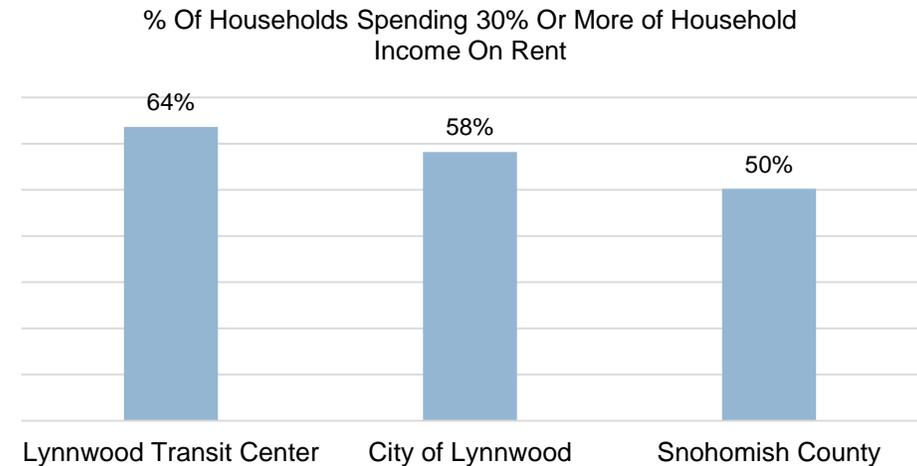
Median Household Income

	2000	2010	2014
Lynnwood Transit Zone	\$56,134	\$44,713	\$40,162
City of Lynnwood	\$60,853	\$52,051	\$50,562
Snohomish County	\$75,416	\$72,015	\$69,443

Bachelor's Degree Educational Attainment



Rent Burden, 2014



# Housing Stock

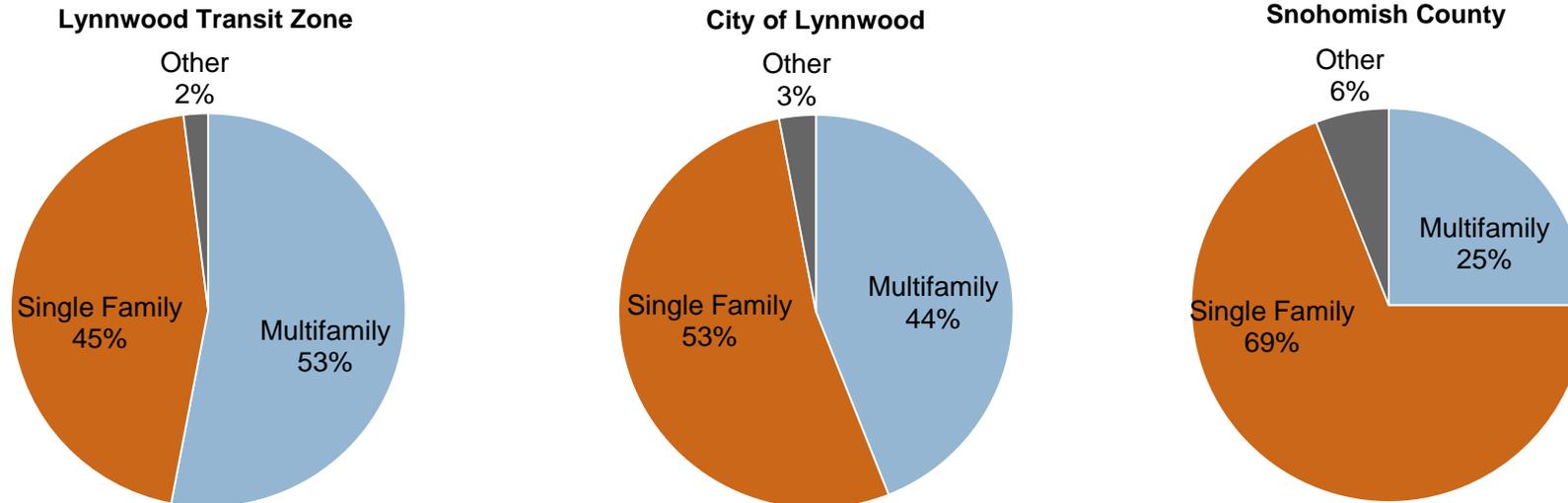
Housing Units

	2000	2010	2014	Percent Change 2000-2014
Lynnwood Transit Zone	4,343	4,887	4,601	6%
City of Lynnwood	13,771	15,311	14,737	7%
Snohomish County	236,205	281,161	291,658	23%

% of Housing Units Built 2000 or Later

	2014
Lynnwood Transit Zone	8%
City of Lynnwood	10%
Snohomish County	21%

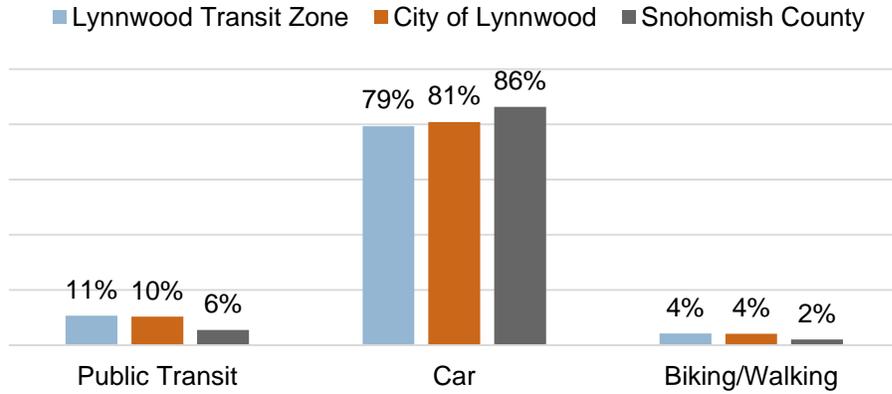
Housing Type, 2014



\*Other includes mobile homes, RV, vans, and boats

# Transportation

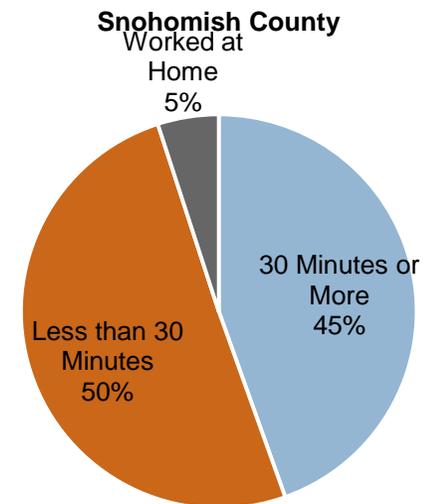
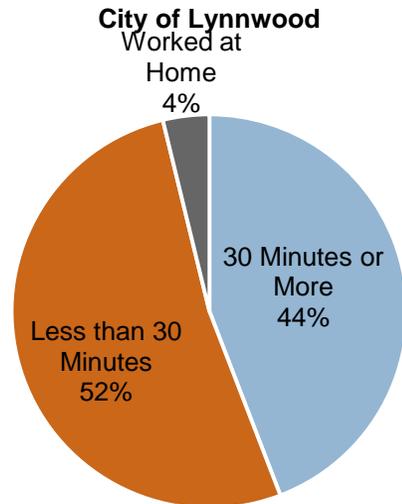
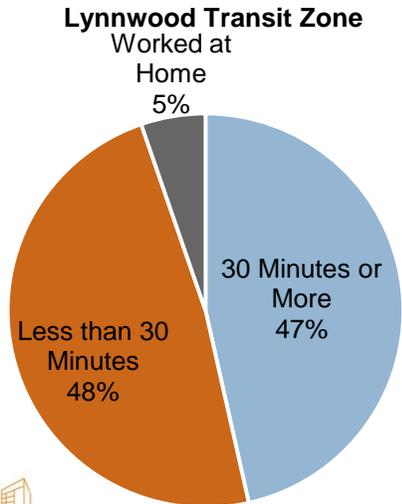
Means to Work, 2014



% of Employed Residents Taking Public Transportation to Work

	2000	2010	2014
Lynnwood Transit Zone	8%	13%	11%
City of Lynnwood	8%	10%	10%
Snohomish County	4%	5%	6%

Commute Time, 2014



## 4. Real Estate Market Conditions

This section describes the local housing, retail, and office market conditions in Lynnwood and nearby cities. Comparative cities include Bothell, Everett, Kirkland, Shoreline, and Redmond—chosen for their proximity to Lynnwood and recent downtown revitalization efforts. Strategic Economics based the analysis on a variety of sources, including Zillow Research, Apartments.com, and CoStar Group.

# Findings

### Recent Major Development Activity

- In the last 5 years, 1.7 million square feet were added to Lynnwood's retail market. An additional 120,000 square feet are in the development pipeline.
- City Center, has 655 units under construction with a majority of those as affordable, in addition to a mixed-income Senior Living development. Two recently completed market-rate housing projects by Avalon Communities are located just north of city limits on 164<sup>th</sup> St SW.
- There is one mixed-use project under construction called Lynnwood Place, anchored by the new Costco, and will include up to 330 residential units, entertainment, and eating and drinking.

### Housing Market

- In general, homes in Lynnwood sell for less compared to nearby cities, according to Zillow Research. In June 2016, the median sales price per square foot in Lynnwood was \$220 compared to Bothell at \$238, Shoreline at \$277, Redmond at \$321, and Kirkland at \$332 per square foot.
- The rental market in Lynnwood also lags behind nearby cities. In June 2016, the median rent in Lynnwood were 20 to 30% lower than rents found in the Eastside cities of Redmond, Kirkland, and Bothell.
- Among the newly constructed apartment buildings in nearby cities, average asking rents range between 25 to 67% higher than in Nickel Creek, which rents at \$1.73 per square foot. Nickel Creek was the most recently-built (1986) market-rate apartment building in the Lynnwood Transit Zone. The newest market-rate apartment buildings at Avalon Alderwood and Brandemoor rent between \$2.02-\$2.12 per square foot. Although these are located just outside the city boundary on 164<sup>th</sup> St SW, they represent the best comparable rents for newly constructed apartments available in the Lynnwood market generally.

# Findings

### Retail Market

- Lynnwood is a major regional shopping destination, consisting of 8.3 million square feet of rentable building area with a predominance of surface parking. The current vacancy rate is 3.2% and the average monthly asking rent is \$1.56 per square foot. Monthly retail rents within the Lynnwood Transit Zone and City Center Subarea are slightly lower (\$1.18, triple net). This is attributable to the fact that Lynnwood's premier shopping center—Alderwood Mall—is located just north of the City Center Subarea.
- Lynnwood is home to a diverse mix of national and locally-owned eating and drinking places. Of the 72 eating and drinking places located within the Lynnwood Transit Zone and City Center Subarea, three-quarters are locally-owned.
- Thirty-percent of Lynnwood's shopping centers were built before 1970. Nonetheless, it remains an attractive place for retail development, including repositioning and expansion of existing centers. Three centers opened after 2000, with the most recent being Lynnwood Crossroads, located at 196<sup>th</sup> and I-99.
- Shopping centers concentrated near the Alderwood Mall average a 1.1% vacancy rate, which is among the lowest in the North End region.
- 196<sup>th</sup> Ave St SW, also known as State Route 524, serves as a major retail corridor for communities located west of I-99 who are commuting back from work in the Eastside and stopping along 196<sup>th</sup> St SW for day-to-day needs. According to local retail developer Sterling Realty Organization, there are about 65,000 cars that pass through the intersection of 196<sup>th</sup> St SW and I-99 daily.

# Findings

### Office Market

- Lynnwood's location, highway accessibility, and affordable rents have attracted a variety of small and mid-size tenants, primarily in medical, professional and business services. Lynnwood has approximately 2.9 million square feet of office space, most of which are in multi-tenant Class B/C buildings. The typical office building in Lynnwood is between 6,000 and 10,000 square feet.
- Monthly office rents in the Lynnwood Transit Zone and City Center Subarea (\$1.70-\$1.85, full service) are slightly higher than the citywide average (\$1.47). However, vacancies in these areas exceed 13%, compared to the citywide office vacancy rate of 9%.
- Built in 2011, the corporate office headquarters for retailer, Zumies, Inc., is located within the Lynnwood Transit Zone, although on the east side of I-5. In the long term, Zumies may be an ideal candidate to recruit to the City Center area if they are looking for a new location with excellent transit access.

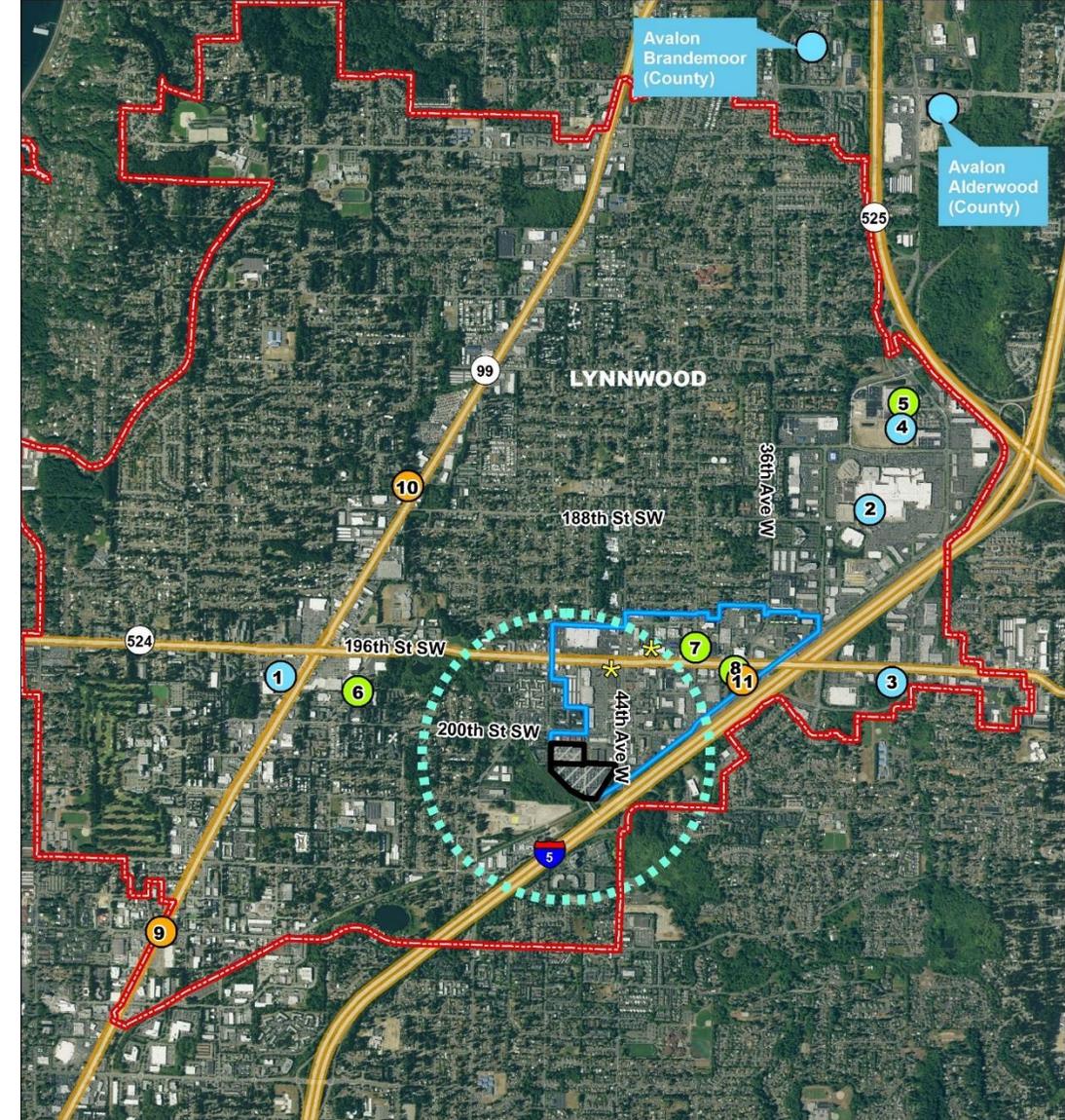
## 4 Real Estate Market Conditions

# Major Recent Development Activity, Lynnwood

ID	Projects	Type	Housing Units	Commercial Sq. Ft.	Hotel Rooms
<b>Recently Completed</b>					
1	Lynnwood Crossroads	Retail		123,000	
2	Alderwood Expansion	Retail		1,400,000	
3	Whole Foods	Retail		37,000	
4	Costco (Phase I)	Retail		150,000	
<b>Under Construction</b>					
5	Lynnwood Place	Mixed Use	330	89,500	
6	Reserve at Lynnwood Senior Apartments	Residential	296		
7	City Center Senior Living Apartments	Residential	308		
8	CityCenter Apartments Affordable Housing	Residential	347		
<b>Pipeline</b>					
9	CarMax	Retail		30,000	
10	Evergreen Village Affordable	Residential	231		
11	Hilton Garden Inn	Hotel			150
<b>Total Major Development Activity</b>			<b>1,512</b>	<b>1,829,500</b>	<b>150</b>

### For Sale (Listed on LoopNet)

- Red Lobster – 4231 SW 196<sup>th</sup>
  - Current Owner: GMRI Inc
  - 23 years remaining on the lease
  - Selling price: \$7.68 million
- Autobody Shop– 19610 44<sup>th</sup> Avenue W
  - Current Owner: CatsPaw LLC
  - 14 years remaining on the lease
  - Selling price: \$500,000



### Major Development Projects

- Completed (Blue circle)
- Under construction (Green circle)
- Pipeline (Orange circle)
- Lynnwood Transit Center (Black square)
- City Center Boundary (Blue dashed line)
- Lynnwood Transit Zone (1/2 Mile Buffer) (Green dashed circle)
- Lynnwood City Boundary (Red dashed line)
- For Sale (LoopNet) (Yellow star)

# Housing Market

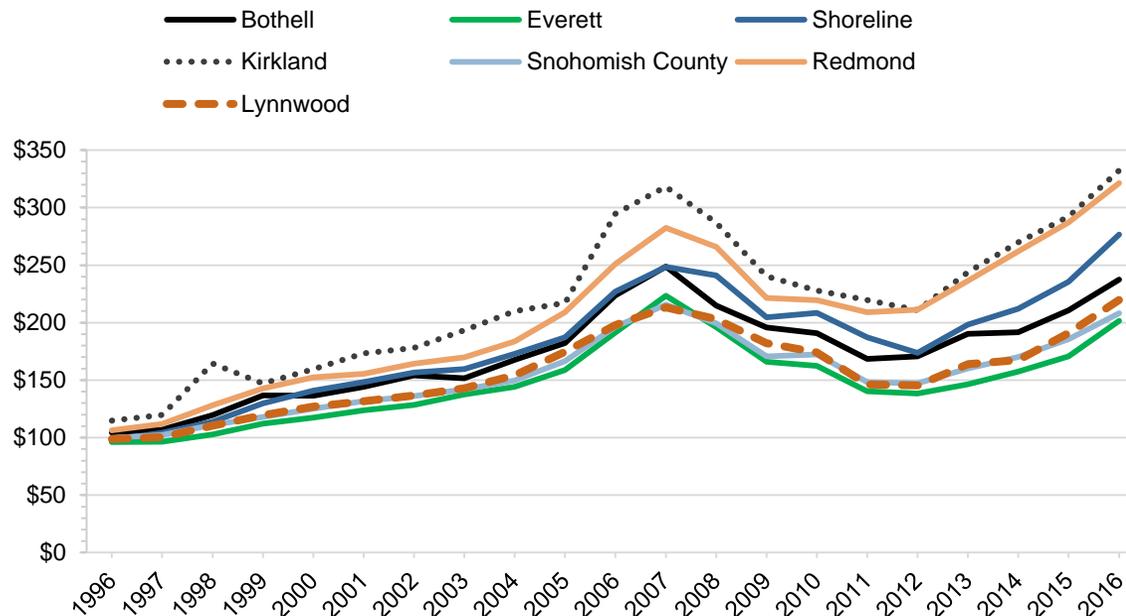
Median Sold Price Per Sq. Ft.  
June 1996-June 2016

Comparative Cities	Compared to Lynnwood
Kirkland	38%
Redmond	28%
Shoreline	15%
Bothell	10%
Everett	-6%
Snohomish County	-1%

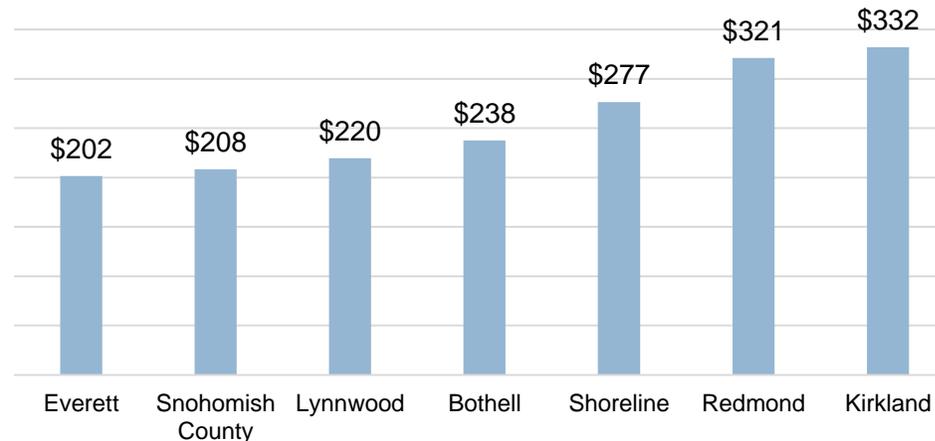
Median Sold Price Per Sq. Ft.  
June 2016

Comparative Cities	Compared to Lynnwood
Kirkland	51%
Redmond	46%
Shoreline	26%
Bothell	8%
Everett	-8%
Snohomish County	-5%

Median Sold Price Per Sq. Ft. (All Homes)  
1996-Current



Sold Price Per Sq. Ft. (All Homes)  
June 2016



Note: The Zillow Home Value Index (ZHVI) is a time series tracking the monthly median home value in a particular geographical region. The median home value for the month of June of each year is presented in these charts.



# Housing Market

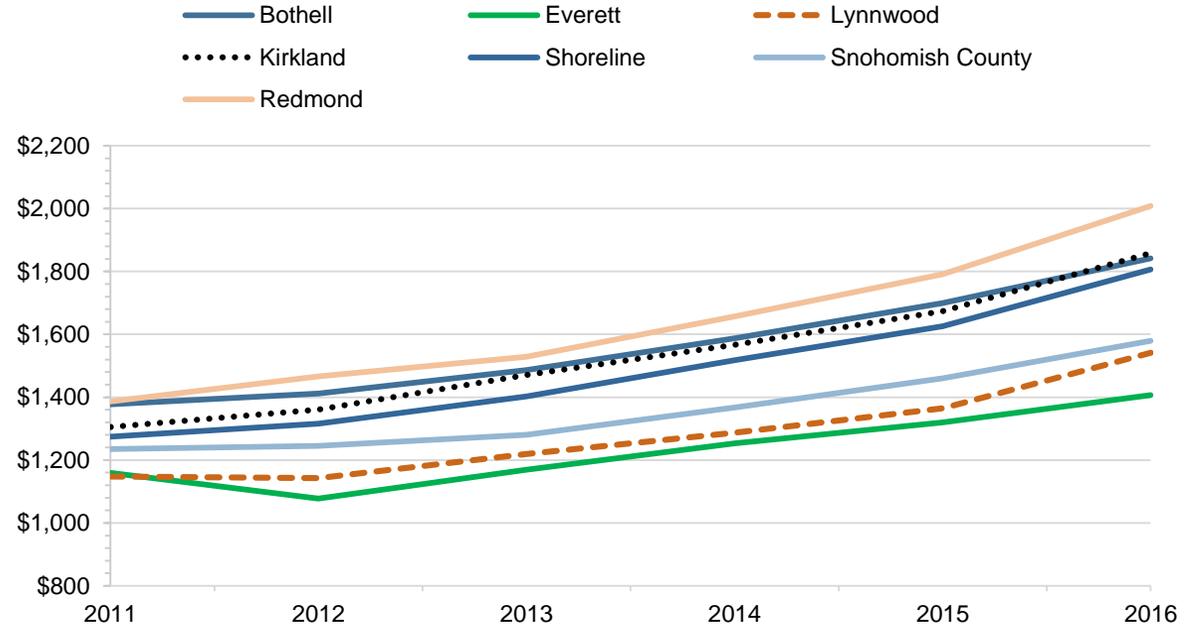
Comparing Median Rent  
June 2011-June 2016

Comparative Cities	Compared to Lynnwood	Annual Average Growth, 2011-2015
Lynnwood		4.7%
Redmond	27%	7.3%
Bothell	22%	5.8%
Kirkland	20%	7.1%
Shoreline	16%	6.9%
Snohomish County	6%	4.6%
Everett	-4%	3.5%

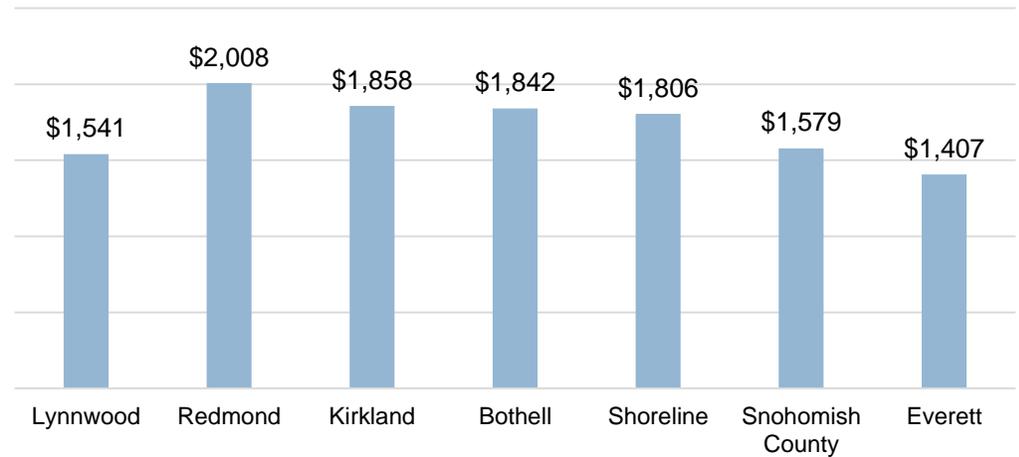
Comparing Median Rent  
June 2016

Comparative Cities	Compared to Lynnwood
Redmond	30%
Kirkland	21%
Bothell	20%
Shoreline	17%
Snohomish County	2%
Everett	-9%

Median Rent (All Types)  
June 2011-June 2016



Median Rent (All Types)  
June 2016



Note: The Zillow Rent Index (ZRI) tracks the monthly median rent in particular geographical regions and tracks rents for a consistent stock of inventory. The median rent value for the month of June of each year is presented in these charts.

Sources: Zillow, 2016; Strategic Economics, 2016.

# Housing Market

## Comparable One-Bedroom Apartments

Project	Location	Year Built	Units	Stories	Avg. Current Rent (1 bed)	Rent Price Per Sq. Ft.	% Higher than Nickel Creek (Price Per Sq. Ft.)
Nickel Creek	Lynnwood Transit Zone	1986	192	3	\$1,215	\$1.73	
Malmo	Shoreline (I-99)	2015	129	5	\$1,595	\$2.03	13%
Avalon Alderwood	North Lynnwood (Snohomish County)	2015	367	4	\$1,520	\$2.02	17%
Village at Beardslee Crossing	Downtown Bothell	2014	304	4	\$1,689	\$2.07	17%
Potala Place	Downtown Everett	2015	220	7	\$1,455	\$2.23	25%
Avalon Esterra Park	Redmond Overlake Transit Center	2016	501	5	\$1,837	\$2.63	25%
Waterscape at Juanita Village	Juanita Village (Kirkland)	2013	196	6	\$3,082	\$3.53	87%



# Retail Market

Comparable Retail Market Statistics  
August 2016

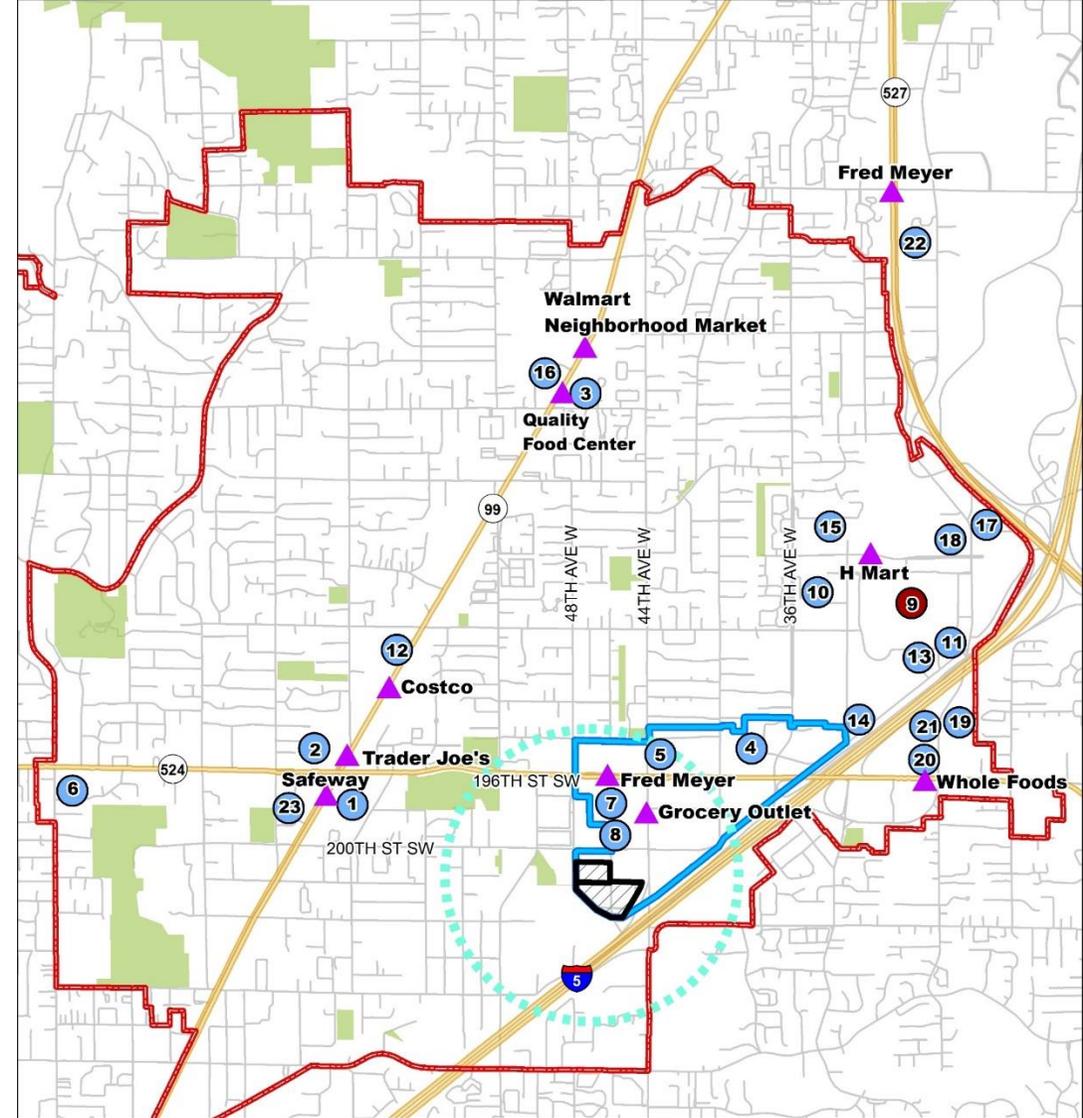
<b>City</b>	<b>Rentable Building Area</b>	<b>Vacancy Rate</b>	<b>Net Absorption 2015-YTD</b>	<b>Monthly Asking Rent (NNN)</b>
Lynnwood	8,294,085	3.2%	-41,089	\$1.56
Bothell	1,994,629	3.5%	33,356	\$1.86
Everett	9,470,270	2.9%	130,136	\$1.38
Kirkland	3,227,226	1.3%	4,724	\$2.10
Shoreline	2,144,183	4.5%	29,654	\$1.66
Redmond	4,162,743	1.8%	8,814	\$2.10

# Retail Market

## Lynnwood Shopping Center and Grocery Store Locations

ID	Center Name	Year Built
1	Lynnwood Center	1955
2	James Village	1959
3	North Lynnwood Shopping Center	1963
4	Convention Plaza	1964
5	Highland Plaza	1965
6	Vaughns Village	1968
7	Lynnwood Square	1969
8	MSB Shopping Center	1978
9	Alderwood Mall	1979
10	Alderwood Plaza	1980
11	Shane Co Plaza	1980
12	Center III Business Center	1980
13	Alderwood East Shopping Center	1984
14	Alderwood Towne Center	1985
15	H Mart Plaza at Alderwood	1986
16	Lynnwood Home Club Center	1987
17	Alderwood Plaza	1988
18	Alderwood Crossing	1988
19	South Hill Center	1997
20	Alderwood Village	2000
21	Alderwood Parkway Retail Center	2003
22	Northpointe Retail Center	2009
23	Lynnwood Crossroads	2013

Year Built	Number of Centers	% of Total
Built 1970 or earlier	7	30%
Built 1971 to 1980	5	22%
Built 1981 to 1990	6	26%
Built 1991 or 2000	2	9%
After 2000	3	13%
<b>Total Centers</b>	<b>23</b>	<b>100%</b>

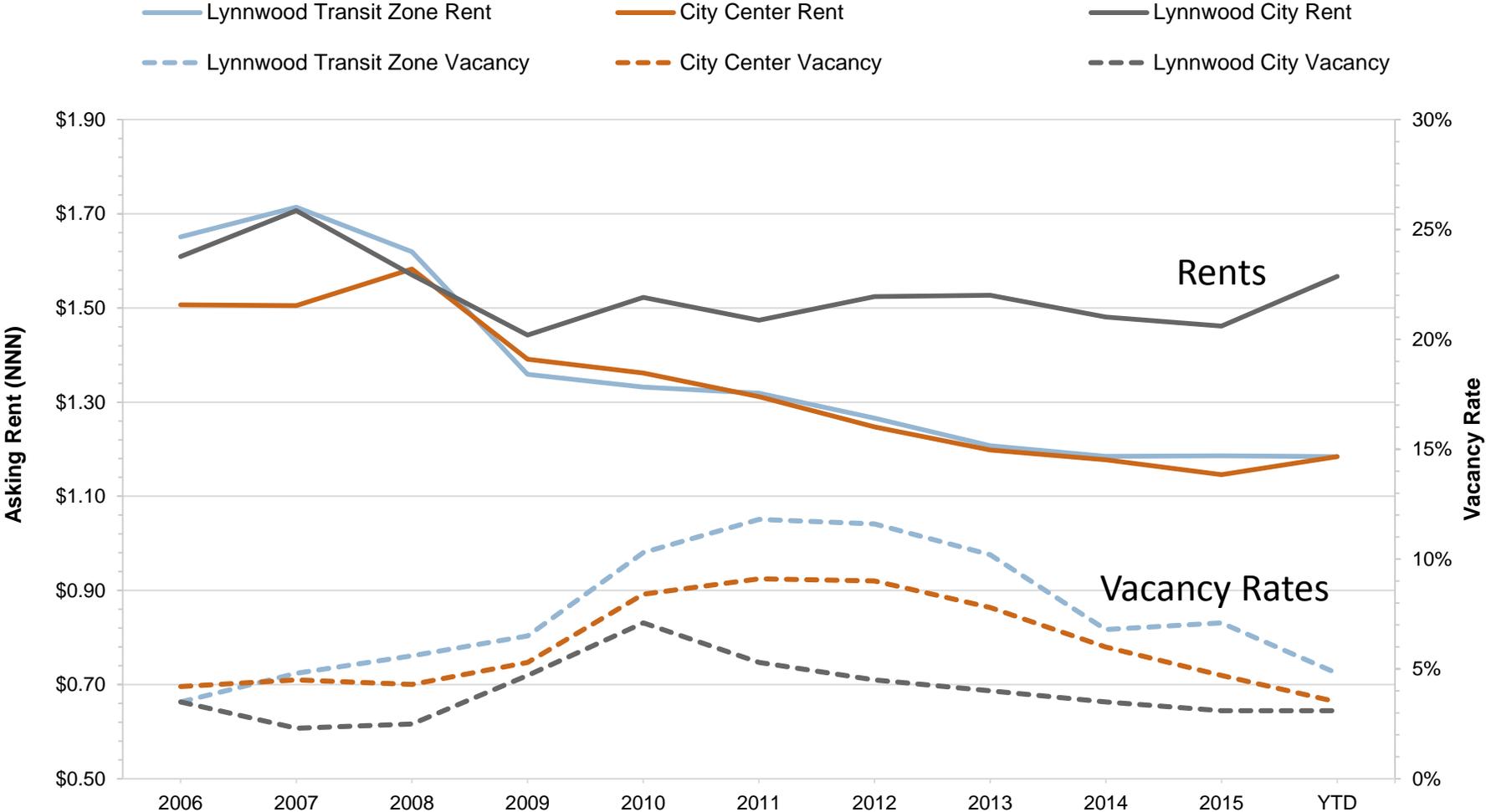


Lynnwood Shopping Centers by Order of Year Built

- Community or Neighborhood Center
- Super Regional Mall
- ▲ Grocery Store
- Lynnwood Transit Center
- City Center Boundary
- Lynnwood Transit Zone (1/2 Mile Buffer)
- Lynnwood City Boundary
- Parks and Open Space

# Retail Market

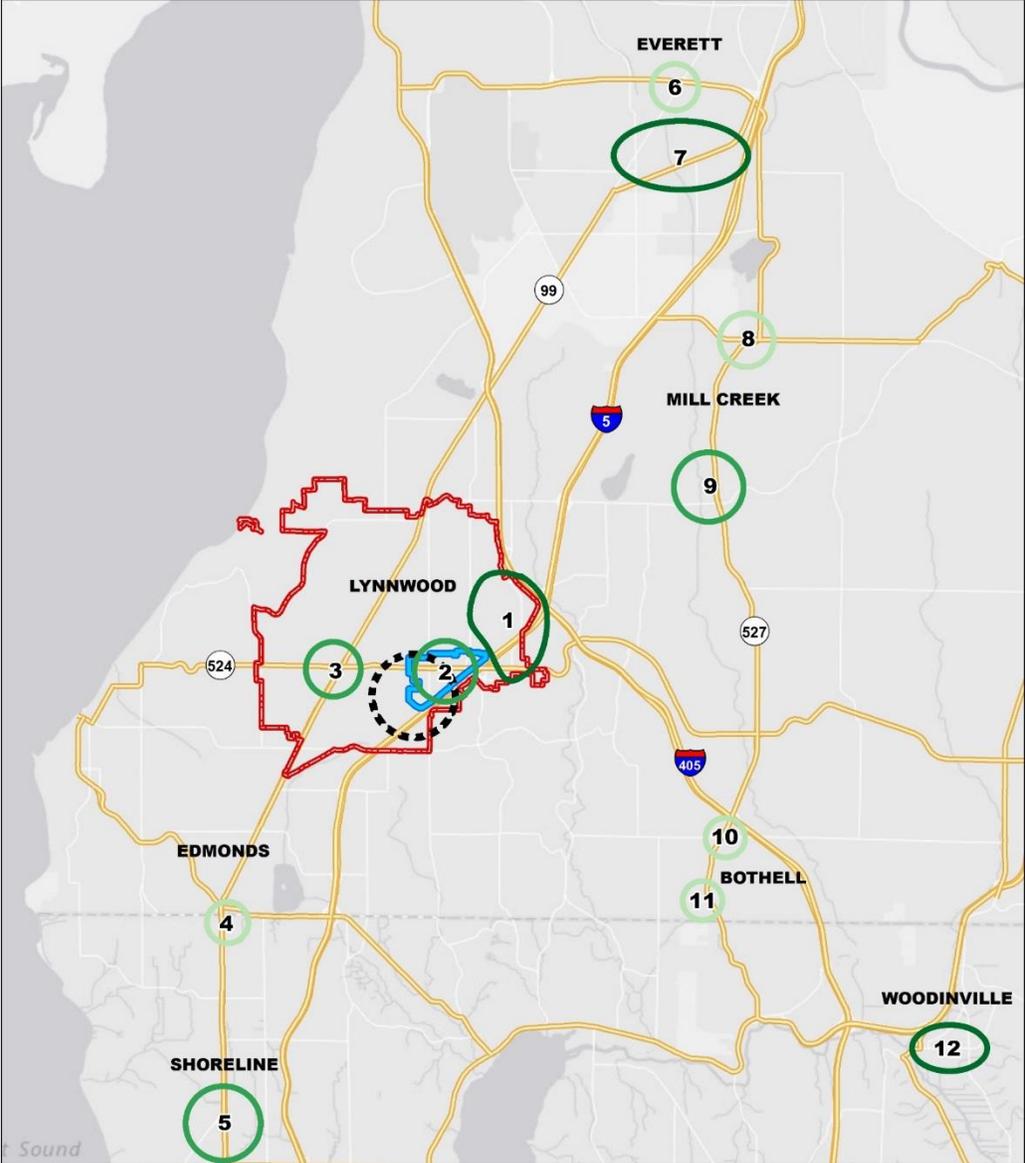
Retail Market Rent and Vacancy Trends, 2006-August 2016



# Retail Market

North End Regional Shopping Center Clusters

ID	Rentable Building Area	Vacancy Rate
1	2,914,698	1.1%
2	623,942	6.6%
3	504,398	13.3%
4	372,576	0.0%
5	727,204	1.9%
6	437,651	3.7%
7	1,575,238	4.7%
8	347,483	24.2%
9	562,414	0.0%
10	330,272	12.5%
11	253,464	6.1%
12	828,272	5.0%



Northend Retail Clusters

- Less than 500,000 square feet
- 500,000 to 800,000 square feet
- Greater than 800,000 square feet
- Lynnwood Transit Zone (1/2 Mile Buffer)
- City Center Boundary
- Lynnwood City Boundary

Sources: CoStar Group, 2016; City of Lynnwood, 2016; Strategic Economics, 2016.

# Interviews

Vice President, Merlone Geier Partners

### **How long are your current leases?**

“Five years with options. Tenants have control for the next five years.”

### **Are there future plans to build housing at Lynnwood Square?**

“We are not a housing builder and there are no plans to build housing. We are a retail company that buy older strip malls. We buy challenged shopping centers, hold them and maybe sell them. That’s all we do.”

“We’re just waiting. No reason to spend a lot of money. We are happy for with the conditions. We have obligations to these leases. There’s nothing we can do.”

### **Are there plans in place for the closed Sports Authority?**

“No, I can’t say much at this point. But our focus is on finding another tenant.”



Photo: Merlone Geier

# Interviews

Property Manager, Lynnwood Crossroads

### Are there plans to build housing at Lynnwood Crossroads?

- “No. It’s just not ripe for residential. We’ve got mostly national retailers here. They like our location. There are 65,000 cars going through this intersection daily. The center is doing really well and is at 100% occupancy.”
- “We’re not opposed to mixed use. It might work in 20 years. We did a major study pro forma analysis to explore the idea of mixed use at another location with multifamily and grocery at the bottom. Right now it doesn’t make any sense.”

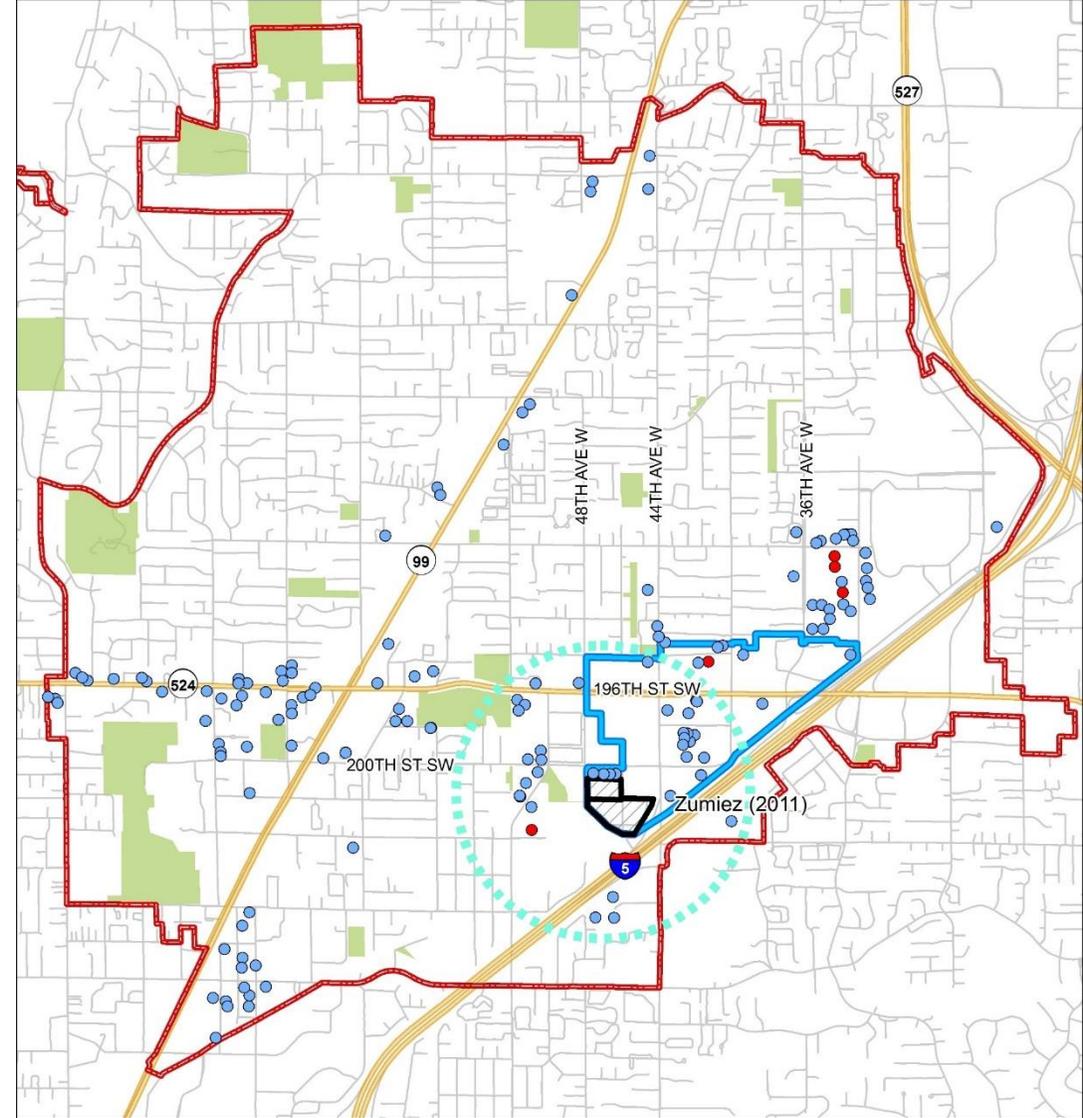
### Is there a reason why Lynnwood has not seen any mixed-use market-rate multifamily development in the City Center?

- “Rents need to get way higher. You can find successful mixed use projects around Puget Sound but they command higher rents.”
- “In Lynnwood, you got highways. People don’t want to live off the state highways. You got the noise and all the cross traffic from the two state highways. ”
- “There’s a large difference in demographics and location around here that determines whether mixed use is feasible. Overall, its diverse here but retail still makes more sense on a development stand point, not market rate housing. Demographics haven’t changed much. Maybe if there was some job growth here.”



# Office Market

- Lynnwood's location, highway accessibility, and affordable rents have attracted a variety of small and mid-size tenants, primarily in medical, professional and business services. Lynnwood has approximately 2.9 million square feet of office space, most of which are in multi-tenant Class B/C buildings. The typical office building in Lynnwood is between 6,000 and 10,000 square feet.
- Monthly office rents in the Lynnwood Transit Zone and City Center Subarea (\$1.70-\$1.85, full service) are slightly higher than the citywide average (\$1.47). However, vacancies in those areas exceed 13%, compared to the citywide office vacancy rate of 9%.
- Built in 2011, the corporate office headquarters for retailer, Zumies, Inc., is located within the Lynnwood Transit Zone. There has been no new office construction in Lynnwood since.

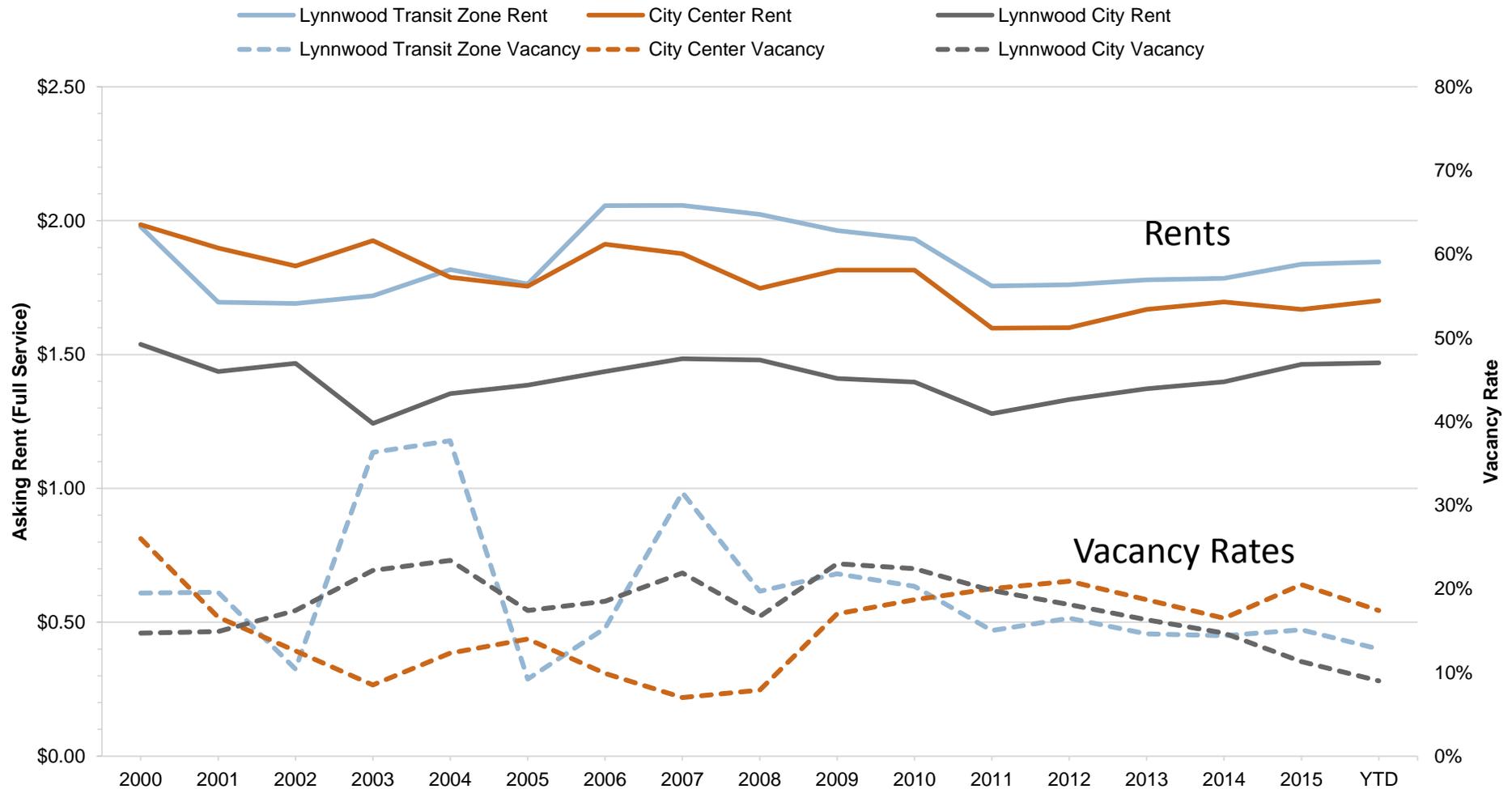


**Lynnwood Office Property Locations**

- Class A
- Class B and C
- Lynnwood Transit Center
- City Center Boundary
- Lynnwood Transit Zone (1/2 Mile Buffer)
- Lynnwood City Boundary
- Parks and Open Space

# Office Market

Office Market Rent and Vacancy Trends, 2000-August 2016



# 5. Comparative Downtown Case Studies

This section looks at three comparative downtown case studies in the cities of Kirkland, Bothell, and Redmond, which have all have experienced recent downtown revitalization.

## 5 Comparative Downtown Case Studies

# Comparative Downtown Case Studies: Kirkland, Bothell, and Redmond

These downtown case studies share the following common characteristics:

- They are building off an historic downtown
- Developers in these areas are delivering higher-density mixed-use projects
- The public sector is investing in major infrastructure projects (parks, bike/ped improvements, lighting, wayfinding)
- These cities are prioritizing high-quality urban design with an emphasis on walking, biking, or taking transit
- These cities are leveraging transit investments with a focus on station access
- These cities have a high-income population:
  - The median household income is 97% higher in Redmond than in Lynnwood, followed by 79% higher in Kirkland, and 50% higher in Bothell.
- These cities command high residential rents:
  - Kirkland's median rent is 51% higher than rents in Lynnwood, followed by 46% higher in Redmond, and 8% higher in Bothell.
- Downtowns are in close proximity to existing large tech employers with high wage and/or major universities



Photo: Seattle Times



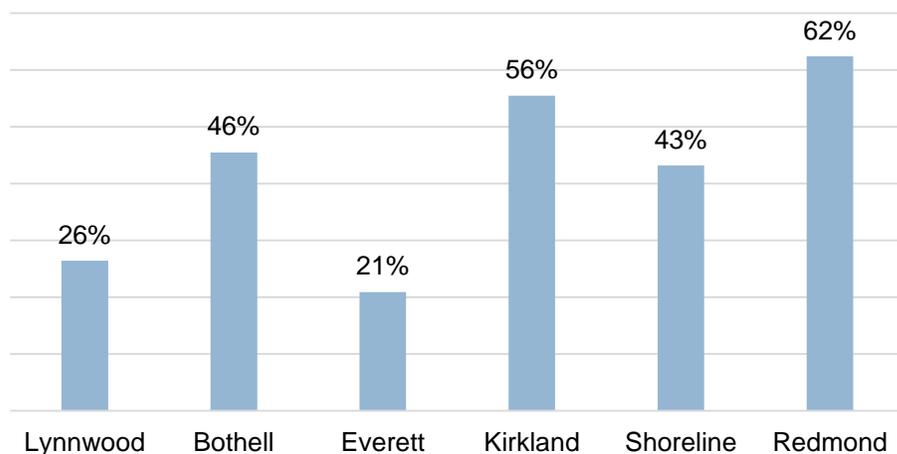
Photo: Kirkland Downtown Association

# Comparing Demographics

	Population	Jobs	Housing Units	Jobs/ Housing Ratio	Median Household Income	Median Age
Lynnwood Transit Zone (One Mile)	11,325	13,930	4,601	3.03	\$40,162	
City of Lynnwood	36,267	28,483	14,737	1.93	\$50,562	37.8
Bothell	34,920	28,721	14,444	1.99	\$75,643	40.1
Everett	104,708	87,131	44,601	1.95	\$48,562	34.8
Kirkland	83,320	41,302	34,762	1.19	\$90,611	37.7
Shoreline	54,254	16,913	22,270	0.76	\$64,096	41.5
Redmond	56,704	96,912	25,017	3.87	\$99,586	34.5

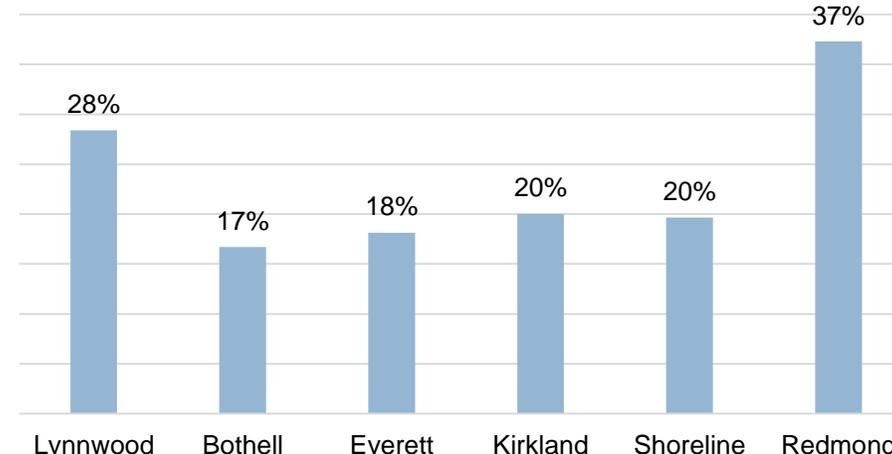
## Educational Attainment

Population 25 and Over with At Least a Bachelor's Degree, 2014



## Foreign-Born Population

Foreign Born Population, % of Total Population, 2014



# Downtown Revitalization Efforts

### Downtown Kirkland

Downtown Kirkland will receive a major boost through the master planned redevelopment of Kirkland Parkplace, an old strip mall located in the center of downtown. At full buildout, Kirkland Urban will have 1.1 million square feet of combined office and retail space and a maximum 300 dwelling units. It is marketed as a walking street with urban amenities. Additionally, Downtown Kirkland's unique waterfront setting is frequently programmed with community events to encourage people to visit, shop, live, work, and play in downtown.

**Featured Project:** Kirkland Urban

**Status:** Under Construction

**Office:** HQ's for Tableau and Wave

**Residential:** Maximum of 300 units

**Retail features:** Movie theater, supermarket, restaurants, daycare, health club.

**Locational Factors:** Walking distance to Moss Bay, Google and other offices



Photo: Kirkland Urban

# Downtown Revitalization Efforts

### Downtown Bothell

Downtown Bothell's Revitalization Plan will create 5 new residential neighborhoods in the downtown district. The City of Bothell has commenced with two major transportation projects that will knit the downtown back together and allow for the historic charm of Bothell to influence the design and development of the revitalization plan. These 2 projects are the Crossroads Realignment and the Wayne Curve roadway projects, which were completed in 2012. Additionally, the city leveraged 25 acres of city-owned property into a destination and gathering place.

**Featured Project:** The Village at Beardslee Crossing

**Status:** Recently Completed

**Residential:** 450 units

**Retail:** Neighborhood-serving

**Locational Factors:** Walking distance to UW-Bothell, Sammamish River



Photo: Swenson Say Faget Engineers

# Downtown Revitalization Efforts

### Downtown Redmond

The City's investment in a connected street grid with 2-way travel lanes, recreational trails, and central park is transforming Downtown Redmond into a vibrant urban center. The enhanced pedestrian environment in and around the park has stimulated economic activity and over 1,000 new higher-density apartments in the neighborhood.

**Featured Projects:** Cluster of new mixed-use residential buildings around Downtown Park

**Residential:** Over 1,000 new units

**Retail:** Neighborhood-serving

**Locational Factors:** Close proximity to Microsoft and other major employers



Photo: City of Redmond

## 6. Joint Development/TOD Options and Opportunities

This section gathers specific information about Sound Transit’s joint development/TOD policies, and the agency’s capacity to execute joint development projects. This section also provides information regarding the impact of the proposed policies of Sound Transit 3 on joint development/TOD. The information and findings were developed in consultation with Sound Transit’s TOD Program staff.

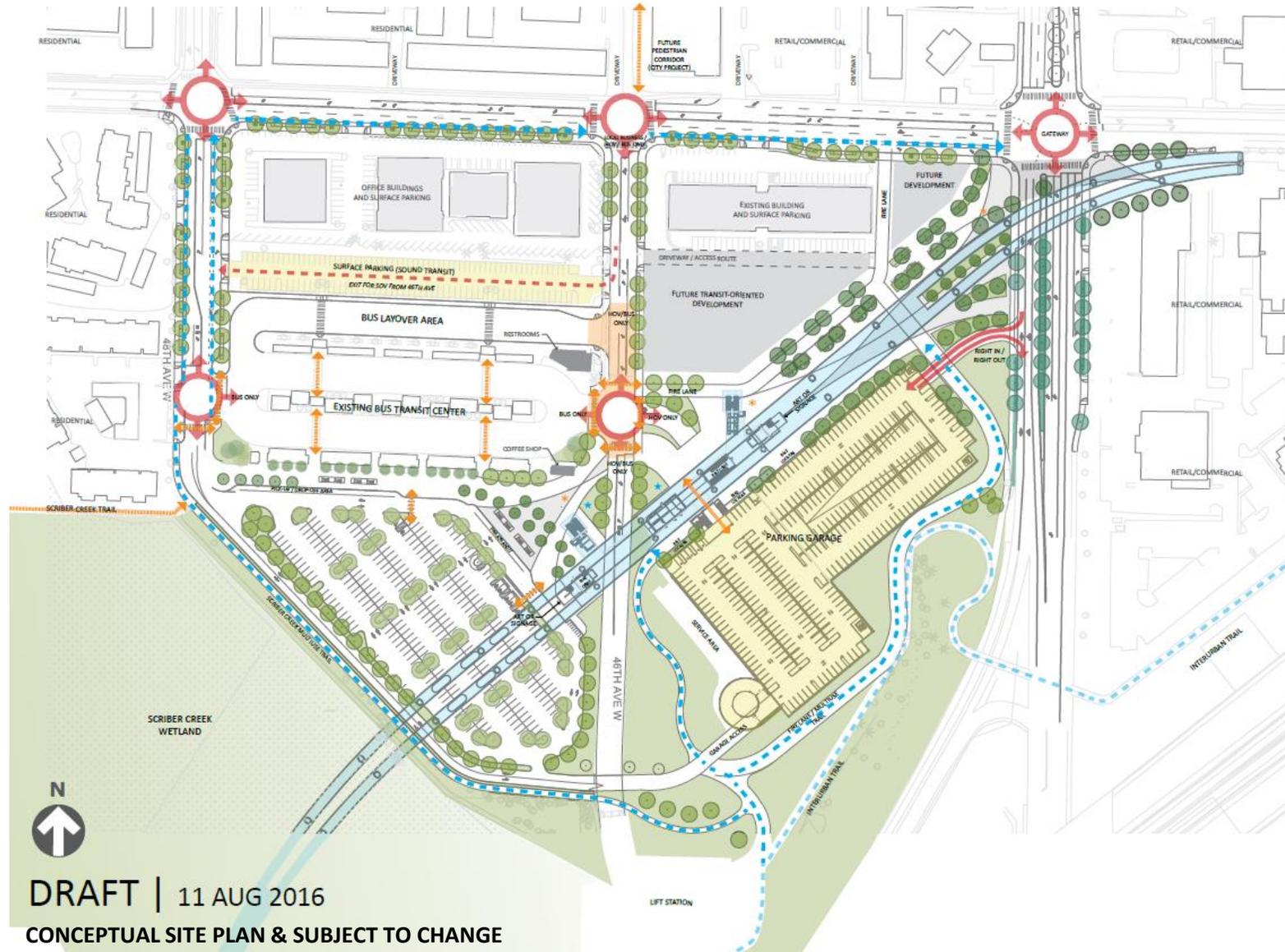
# Near Term Joint Development/TOD Opportunities Findings

- The current Sound Transit bus facility includes an ancillary parking lot that could become a joint development site. However, this parcel is currently land locked and its best development potential would likely come from combining this property with one or more parcels immediately to the north. These parcels to the north are currently developed as Class C office space with long term owners.
- Several additional potential joint development sites will be created as a result of the Lynnwood Links construction. However, these parcels will be required to support the construction process and are not anticipated to be surplus, and thus ready for joint development, until sometime around 2023.
- These future surplus parcels are small and isolated from the more central parts of the City Center area, and thus have very limited potential for catalytic transformation.
- The WSDOT park and ride lot could have longer term joint development potential, but WSDOT's potential to do joint development requires further exploration. It is possible at this point, WSDOT had no authority to participate in joint development projects.

## 6 Joint Development/TOD Options and Opportunities

### Station Area Potential Joint Development/TOD Parcels

1. Future surplus parcels that will be available for joint development some time beyond 2023.
2. WSDOT park and ride lot (1,900 parking spaces) will remain in place for the foreseeable future



Source: Sound Transit

# Sound Transit's Current Joint Development/TOD Policy

- Surplus land can only be leased or sold at fair market value regardless of potential future use, including affordable housing.
- Joint development projects are managed by Sound Transit's TOD program.

# Sound Transit 3 on Surplus Property Disposition

## If the ST3 Ballot Measure Passes in November, Sound Transit Will Have More Flexibility to Transfer Land for Affordable Housing at Low or No Cost

- The state statute related to ST3 says that:
  - “...a minimum of 80 percent of the surplus property to be disposed or transferred, including air rights, that is **suitable** for development as housing, will be offered for either transfer at no cost, sale or long-term lease first to “**qualified entities**” that agree to develop affordable housing on the property, consistent with local land use and zoning laws.”
- This language obligates the Sound Transit Board to update its current joint development policies to take advantage of a new tool that allows for the discounting of property values for affordable housing projects.

# Sound Transit 3 on Surplus Property Disposition

### “Suitability” for Housing May be Determined by Local Policy Such As:

- Local zoning
- City’s comprehensive plan
- Environmental factors

### “Qualified Entities” Are:

- Local governments
  - Housing authorities
  - Non-profit housing developers
- 
- If a qualified entity receives property from Sound Transit and then sells any development rights including air rights, 80 percent of the units constructed must be affordable; or, the proceeds from the sale must go towards building affordable housing within ½ mile of the station area.

# Sound Transit 3's New Joint Development/TOD Policy Questions

- The changes in Sound Transit's enabling legislation will raise many additional policy questions for the Sound Transit Board to resolve such as:
  - How will Sound Transit determine suitability of surplus property for housing
  - How will Sound Transit determine which surplus properties are offered or not offered first to qualified entities
  - How affordable housing requirements would apply to joint development/TOD opportunities that combine private property with Sound Transit property
  - How to address non-residential components in joint development/TOD projects
  - Under what circumstances would Sound Transit offer its properties for no or reduced cost to support affordable housing creation
  - Under what circumstances would Sound Transit permit a qualified entity to acquire and resell agency property for purposes of transferring proceeds to another parcel for affordable housing creation
  - Potential conflicts with the FTA's disposition policies, which currently require transit agencies to competitively offer the property and receive fair market value
  - Potential conflicts with the FTA's joint development policies, which currently require transit agencies to charge a minimum "Fair Share Revenue" amount for surplus property to be sold for joint development/TOD.

# 7. Summary of Jones Lang LaSalle Draft Report

This section reviews and synthesizes JLL's City Center Implementation Report in light of Strategic Economics' market study.

# City Center Sub-Area Implementation Strategies (Draft Report, March 2016)

- The City engaged Jones Lang LaSalle (JLL) to prepare a report to identify possibilities and constraints to implementing the City Center Sub-Area Plan.
- JLL used a multi-part methodology to address the City's questions:
  - Conducted key informant interviews
  - Summarized real estate market conditions for multifamily housing, office and retail uses
  - Prepared financial feasibility analyses for multifamily and office product types that are consistent with the desired development envisioned in the City Center Plan.

# JLL's 5 Recommendations

### **1. *The density bonus program should be suspended***

- Under current market conditions, increased density delivers a negative value to developers and their projects.
- Until such time that they provide value, the maximum base densities should be increased to match those allowed under the density bonus program to encourage developers to strive for the maximum density supportable by demand and the capital markets.

### **2. *Consider further restricting the Multiple-Unit Housing Property Tax Exemption program to only those proposed projects that include above- or below-grade structured parking.***

- Surface parking, even wrapped with occupied building areas or screening walls, will not achieve the design quality and urbanist character envisioned for the City Center.

### **3. *Implement development regulation recommendations***

- Will aid the City of Lynnwood as it transitions from a low-density suburban community to a denser regional urban center.
- Following adoption of the new urban regulatory plans and design guidelines, the adjustments and refinements would reflect realities in current or changing economic and market conditions.

# JLL's 5 Recommendations

- 4. Focus development on the area bounded by 196<sup>th</sup> Street SW to the North, 40<sup>th</sup> Avenue W to the East, Alderwood Mall Boulevard to the South, and 48<sup>th</sup> Avenue W to the West.**
  - Many of the priority projects from the City Center Project Prioritization and the 2015 Strategic Plan are located in this area
  - Within this area the City can focus on projects that help to create a sense of place, starting with a new Civic Center Complex. The new complex would be adjacent to, and integrated with, the proposed future Town Square Park, at the southwest corner of 198<sup>th</sup> Street SW and 42<sup>nd</sup> Avenue W. Placemaking around community anchors is an important way to reinvigorate city centers and downtowns.
- 5. Create a lending program (transit-oriented investment fund) targeted to support City Center infill development that meets minimum established criteria in an effort to catalyze an urban center.**
  - Such lending would provide funding early in the site acquisition and development process.
  - The program would seek to fill the financing gaps and site-adjacent infrastructure improvements for projects that would otherwise not be implemented because commercial lenders or equity investors are unwilling to accept credit risks in underwriting a product type that does not exist in the Lynnwood market area.
  - Once it can be demonstrated to the capital markets that new development in the City Center can achieve rents and values required to support land and development costs, the lending program can be retired.

# JLL's Market Findings

- **Multifamily Residential**

- Lynnwood's housing market remains rather price sensitive, reflecting modest incomes and low wage jobs in the area
- Lynnwood has the opportunity to capture demand for Millennials seeking lower-cost housing that is transit-accessible, with the City investing in public amenities such as arts, culture, and pedestrian improvements and developers creating comprehensive on-site amenities

- **Office**

- City Center has low rise Class B and C space with vacancy rates around 25%
- City Center has not created an attractive urban environment suitable for Class A office development
- Limited opportunity sites available for new large floor plate Class A buildings

- **Retail**

- Rents are increasing, but have not recovered their 2007 peak
- Vacancy rates are just over 4 percent
- Retail center sales are averaging approximately \$250 per sq. ft. with new development approaching \$400 per sq. ft.

# Financial Feasibility Findings

- **Multifamily Residential**

- Current apartment rents in Lynnwood are lower than what would be required to support new construction, thus creating financing challenges for potential developers
- A medium density project (Type III construction) may be feasible if land can be obtained at or below \$30 per square foot and rent rates can achieve \$1.95 or above\*
- Higher density projects (Type I) will require significant subsidies due to higher construction costs.

- **Office**

- With a FAR of 2.0, office construction would be feasible depending on the parking solution, but would still require subsidies
  - podium parking is feasible
  - underground parking is not financially feasible
- With a FAR of 4.0, office construction will require significant subsidy regardless of parking solution

*\* Refer to Page 13 for recent sales transactions and Page 30 for current rent prices*

# Impact of Incentives on Development – Density Bonuses

### Density Bonuses

- City allows for greater density in exchange for certain public benefits such as structured parking, environmental sustainability, or public spaces

### JLL Finding

- JLL finds this incentive to be ineffective because the market rents are insufficient to support the construction costs associated with the higher densities.

# Impact of Incentives on Development – Multiple Unit Housing Property Tax Exemption

### **Multiple Unit Housing Property Tax Exemption**

- The City grants an 8-12 year property tax exemption to projects with over 50 units that meet a minimum LEED Silver rating and is completed within three years of City's approval of exemption application

### **JLL Finding**

- JLL finds this incentive to be effective, especially when combined with other incentives. However, JLL recommends further restricting the incentive to only projects that offer structured (as opposed to surface) parking

# Impact of Incentives on Development – Transportation Impact Fee Exemption Program

## Transportation Impact Fee Exemption Program

- The City has set aside \$600,000 to offset impact fee exemptions for up to three multifamily or commercial projects that are a minimum of four stories and accommodate up to 60 percent of the project's parking onsite in above- or below-grade parking structures.

## JLL Finding

- JLL finds this incentive to be very useful and suggests that the City consider appropriating additional funds to support more projects.

# Impact of Incentives on Development – Regulatory Changes

JLL did an extensive review of the City’s regulatory documents controlling development in light of the market conditions, the feasibility analysis findings, and interviews with experts familiar with actions other cities with similar conditions have undertaken. Based on this review, JLL recommends 14 regulatory changes:

1. Increase the minimum building height
2. Temporarily remove the density bonus requirement
3. Allow parking exemption for ground floor retail within a mixed-use project
4. Require that more nonconforming buildings be brought into conformity
5. Establish allowable building envelopes and shadow studies for sites along southern boundaries of public spaces
6. Require minimum distance between face-of-curb to exterior café line
7. Create discretionary minimum interior lot line setback
8. Establish a required building stepback in elevation from ground level for street walls
9. Establish a minimum ground-floor ceiling height for new development
10. Create a minimum level of quality of building base materials
11. Increase minimum ground level transparency
12. Add guidelines related to Oriel windows
13. Add guidelines related to Off-Street Loading
14. Add regulations to the City Center sub-area plan that address live entertainment on premises.

# Catalytic Project Opportunities

Based on the City's City Center Project Prioritization List from 2014, JLL recommends:

- Focusing development in the area bounded by 196<sup>th</sup> Street SW to the North, 40<sup>th</sup> Avenue W to the East, Alderwood Mall Boulevard to the South, and 48<sup>th</sup> Avenue W to the West
- Within this focus area, invest in projects that create a “sense of place”
- Develop a new government and cultural complex in the heart of this area
- Ensure that the execution of the three items above also results in implementation of the top two items from the City's project prioritization list (see next slide)

## City Center Project Prioritization, July 2014

On July 28, 2014 City Council approved Resolution 2014-15 prioritizing the projects for City Center implementation and to support future growth demands.

**Table 5: City Center Project Prioritization, July 2014**

### Transportation

Rank	Project
1	42nd Ave. W (New Grid Street)
2	196th St. SW Improvements
3	194th St. SW Improvements (New Grid Street)
4	Poplar Way Extension (New Bridge Over I-5)
6	200th St. SW Improvements (With Light Rail)

### Pedestrian

Rank	Project
1	Town Square Park
2	Promenade Street Improvements
3	I-5/ 44th Ave. W Underpass Improvements
4	Interurban Trail Enhancements

### Transit

Rank	Project
1	Lynnwood Link Light Rail Mitigations
2	City Center Light Rail Extension
3	Pedestrian Crossing 196th at Convention Center (with City Center Light Rail Extension)
5	City Center Transit Shelter Design

### Partnerships

Rank	Project
1	Phased Government Center, Sno-Isle Library and Other Core Redevelopment
2	Transit Oriented Development associated with Lynnwood Link light rail or 196th BRT
3	Village Green Park as Project component with site redevelopment
4	Convention Center Expansion and Excess LPFD Site Redevelopment
5	Edmonds School District & City Property at 196th

# The JLL Report Identifies Multiple Funding Strategies

## State Enabled Programs

- Levy Lid Lift
  - local voter approval to raise property taxes for some period of time and for a specific purpose, **could raise up to an estimated \$6.5 million in the first year**
- Business Occupancy Tax
  - tax imposed on taxable income for businesses, **could raise an estimated \$522 million**
- Community Revitalization Financing
  - diverts local property tax to pay for revitalization programs, not typically used in Washington
- Transportation Improvement Districts –
  - This vehicle would be able to levy various kinds of taxes, issue bonds, establish LIDs and impose impact fees to fund transportation improvements

# The JLL Report Identifies Multiple Funding Strategies

### Non-State Programs

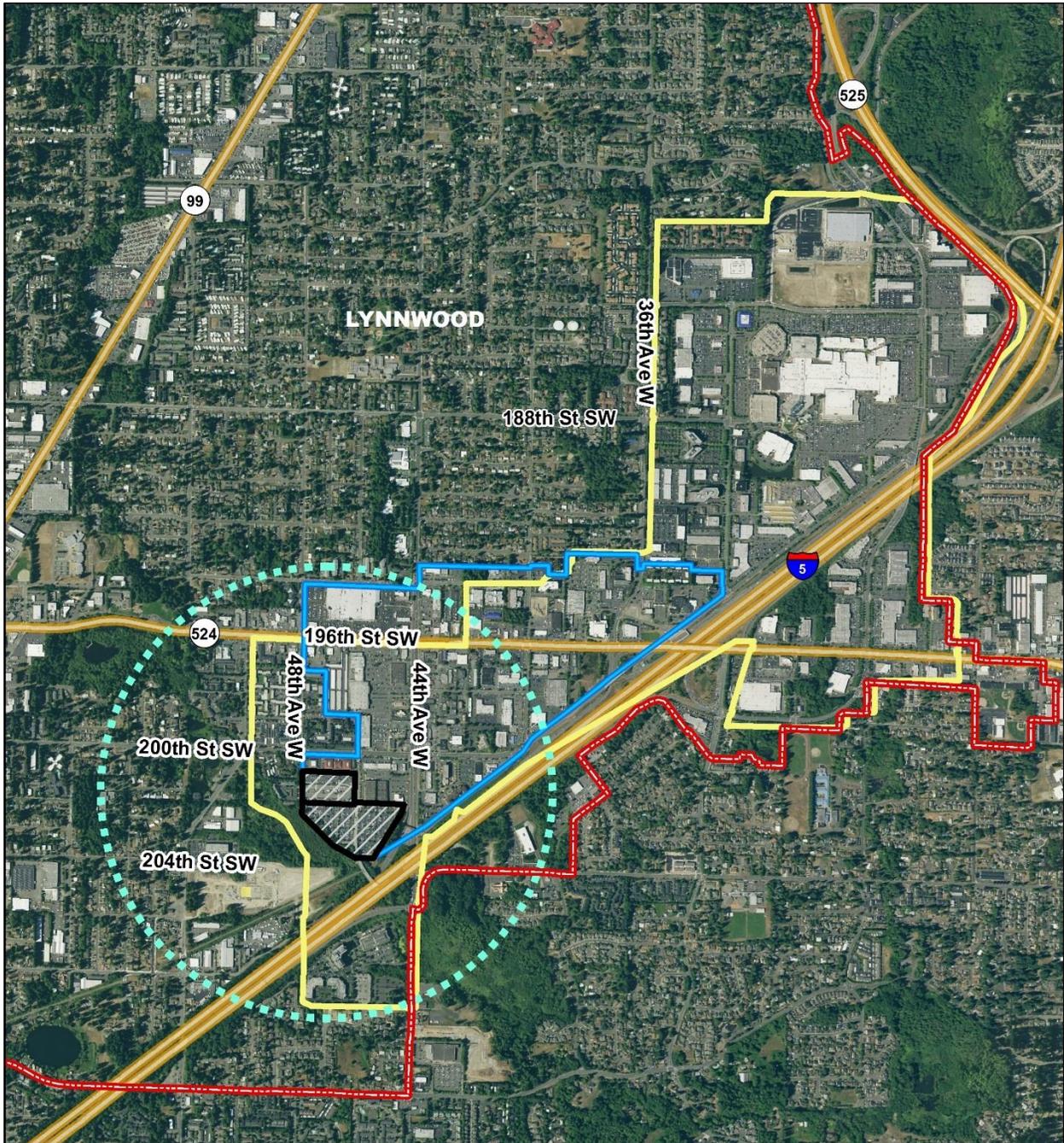
- Federal New Markets Tax Credits –
  - A mechanism that the City use, but could support developers in doing so
- Public/Private Transit-Oriented Investment Fund
  - The City should work with PSRC on establishing a regional fund, or consider starting a local fund

# JLL Recommends Also Recommends That Lynnwood Undertake Marketing and Public Outreach Efforts to Attract Employers

- Use business attraction strategies focusing on the cost differential between doing business in Seattle and in Lynnwood
- Form a Parking and Business Improvement District
  - These are special assessment districts that also have the ability to assess an additional levy from District Members and to manage the way these funds are expended.
  - Funds are typically used for:
    - Decoration and place making
    - Construction, acquisition, or maintenance of parking facilities
    - Providing music in public places
    - Providing maintenance and security activities
    - Management, planning, and promotion of the area
    - Promotion of retail businesses in the area

# Appendix A – Full Page Maps

# Appendix B



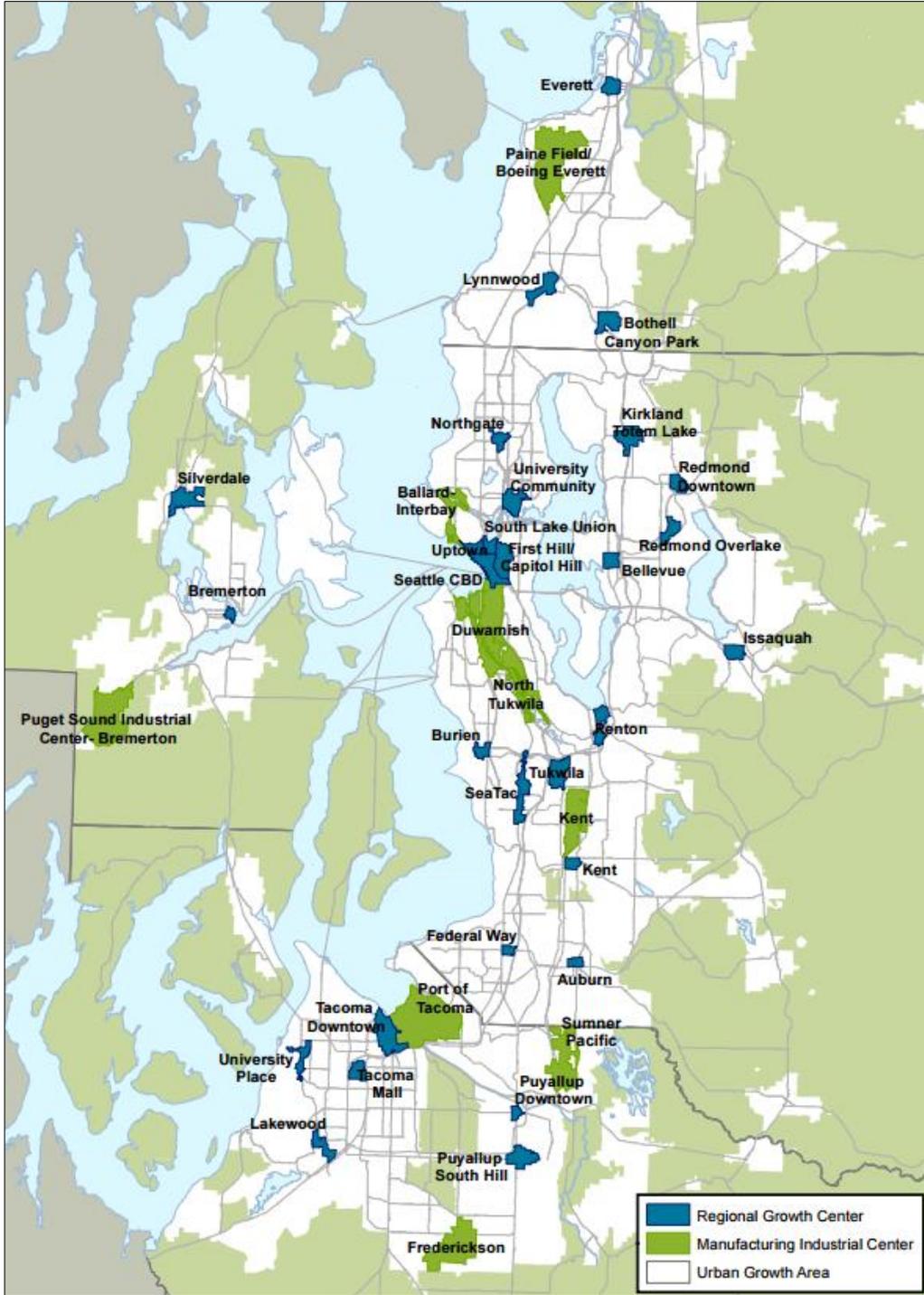
### Context Map

-  PSRC Regional Growth Center
-  Lynnwood Transit Center
-  City Center Boundary
-  Lynnwood Transit Zone (1/2 Mile Buffer)
-  Lynnwood City Boundary

Sources: City of Lynnwood, 2016; Strategic Economics, 2016.

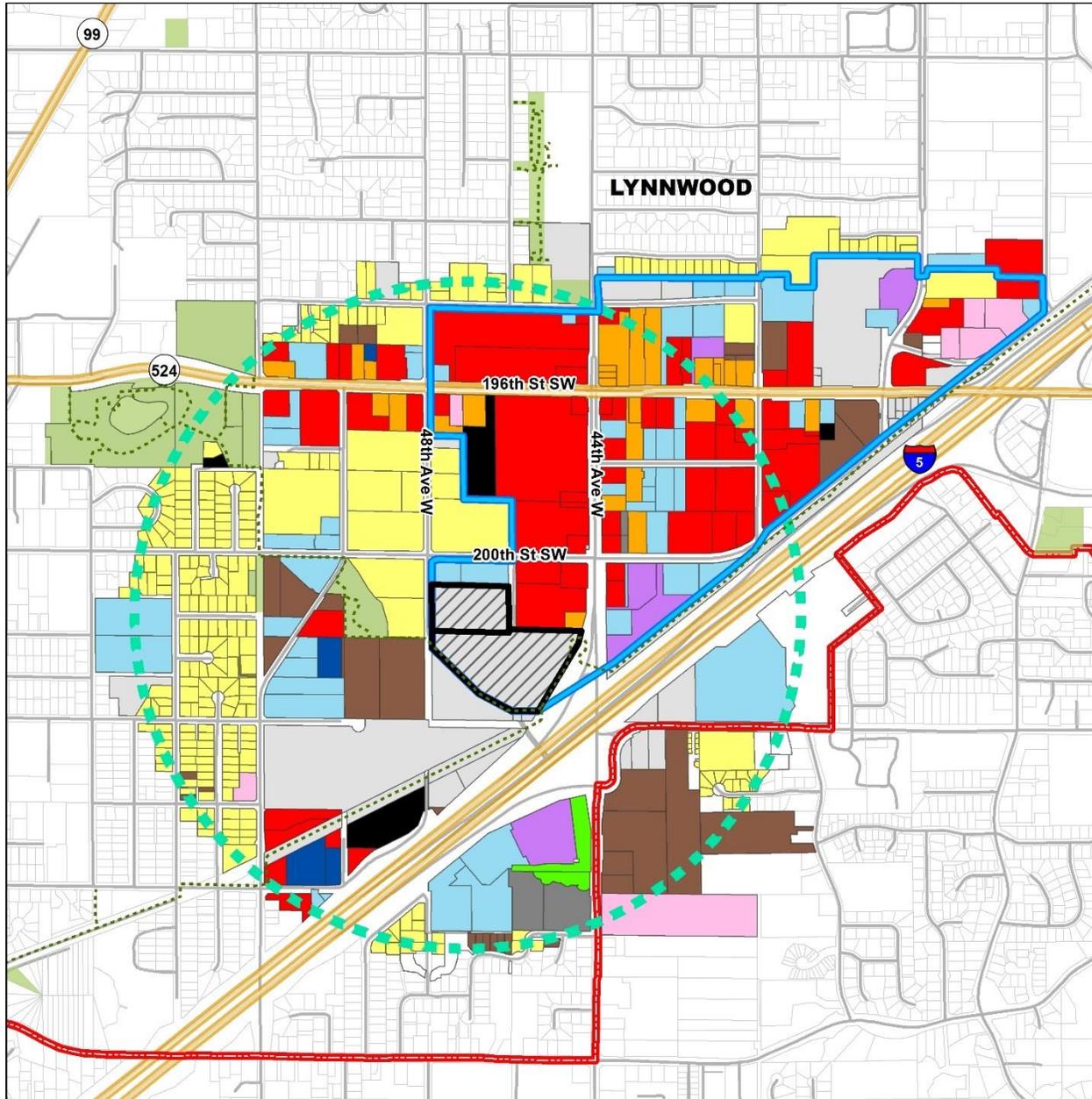


# Appendix B



(Page 5 – Defining Geographies (PSRC Growth Centers))

# Appendix B



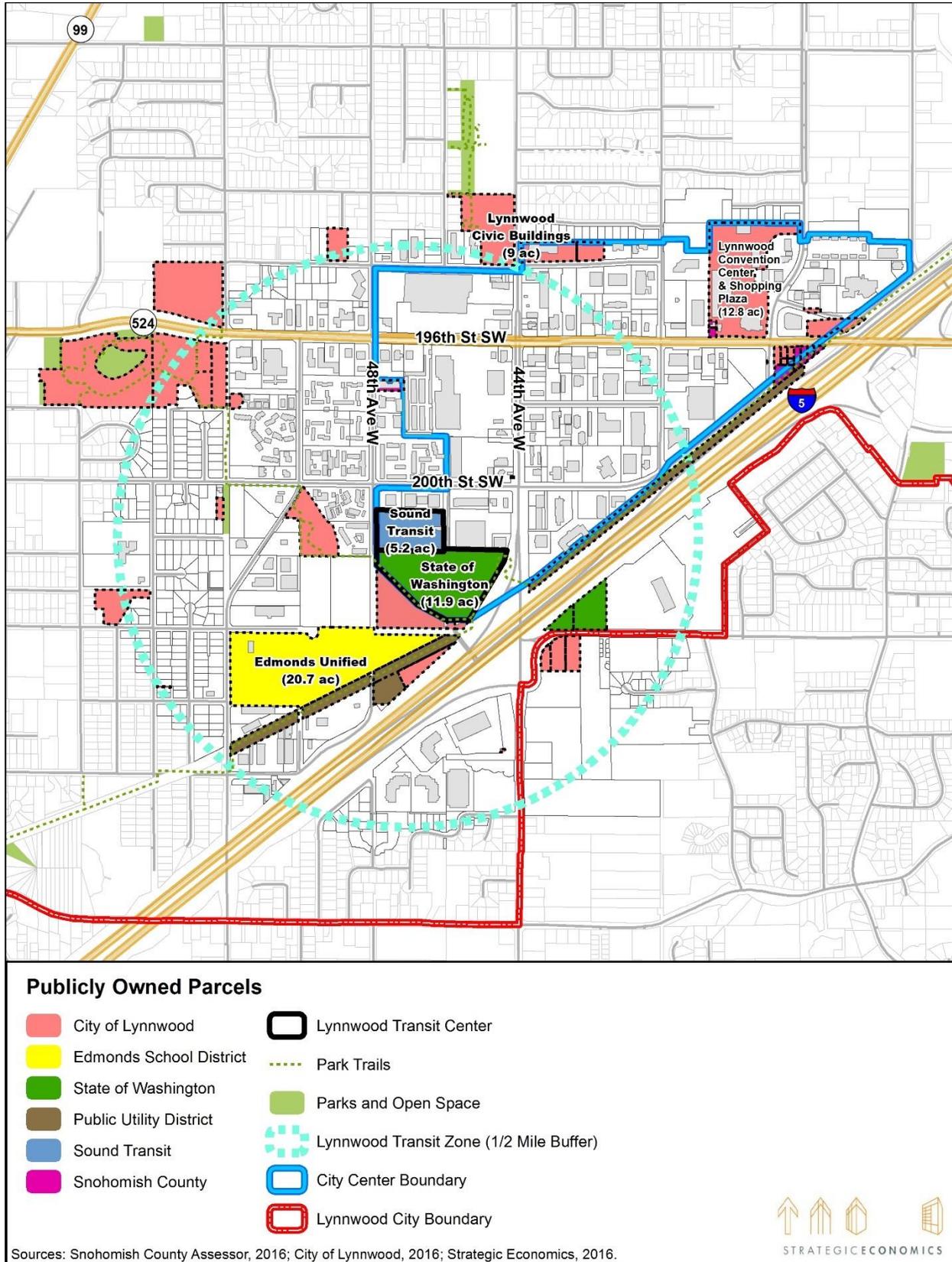
## Privately Owned Parcels by Land Use

- |                          |                           |   |
|--------------------------|---------------------------|---|
| Residential              | Religious/Cultural        | Lynnwood Transit Center                 |
| Retail/Personal Services | Parking Lot               | Park Trails                             |
| Eating and Drinking      | Other                     | Parks and Open Space                    |
| Hotel/Motel              | Undeveloped (Vacant) Land | Lynnwood Transit Zone (1/2 Mile Buffer) |
| Office                   | Parks and Open Space      | City Center Boundary                    |
| Misc. Manufacturing      | Publicly Owned Parcels    | Lynnwood City Boundary                  |

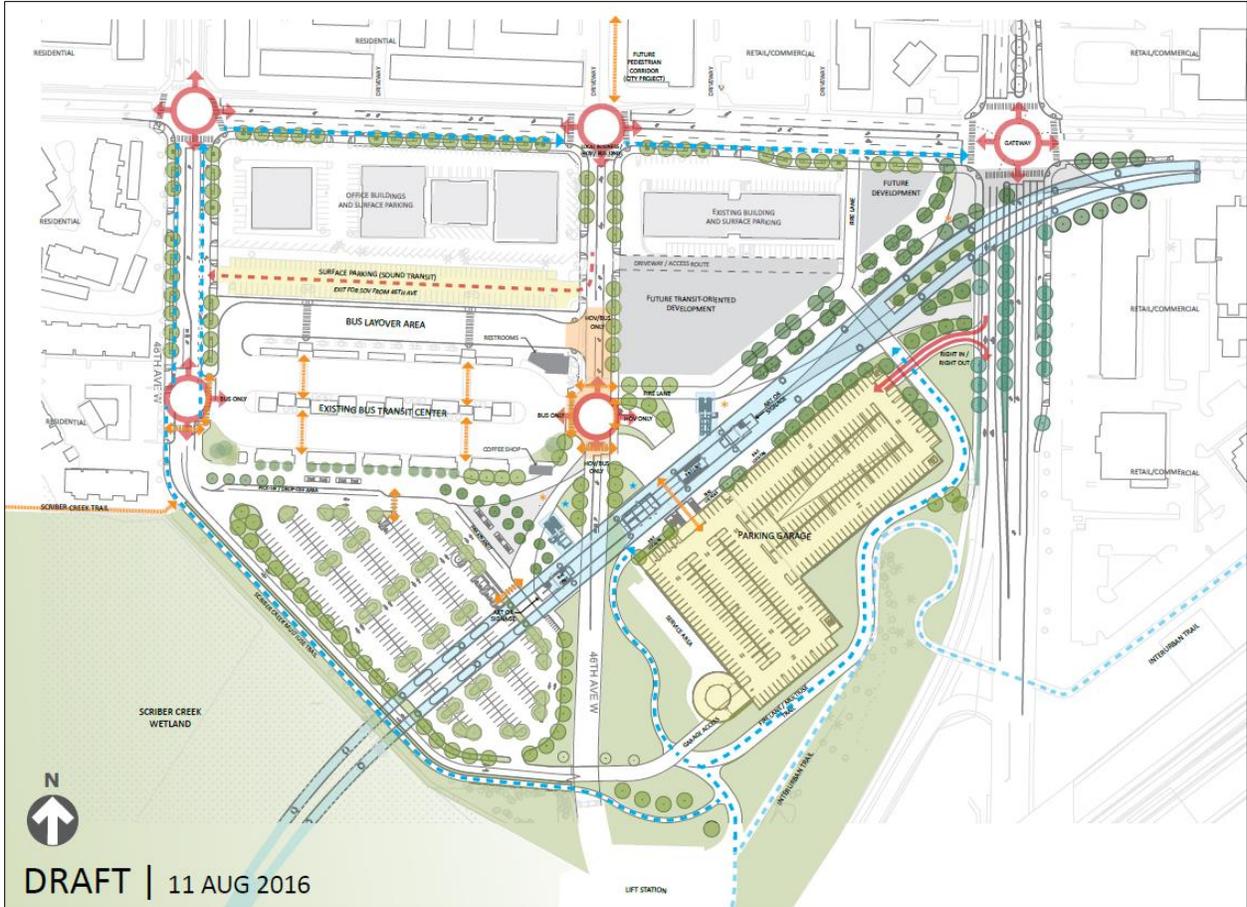
Sources: Snohomish County Assessor, 2016; City of Lynnwood, 2016; Strategic Economics, 2016.



# Appendix B



# Appendix B

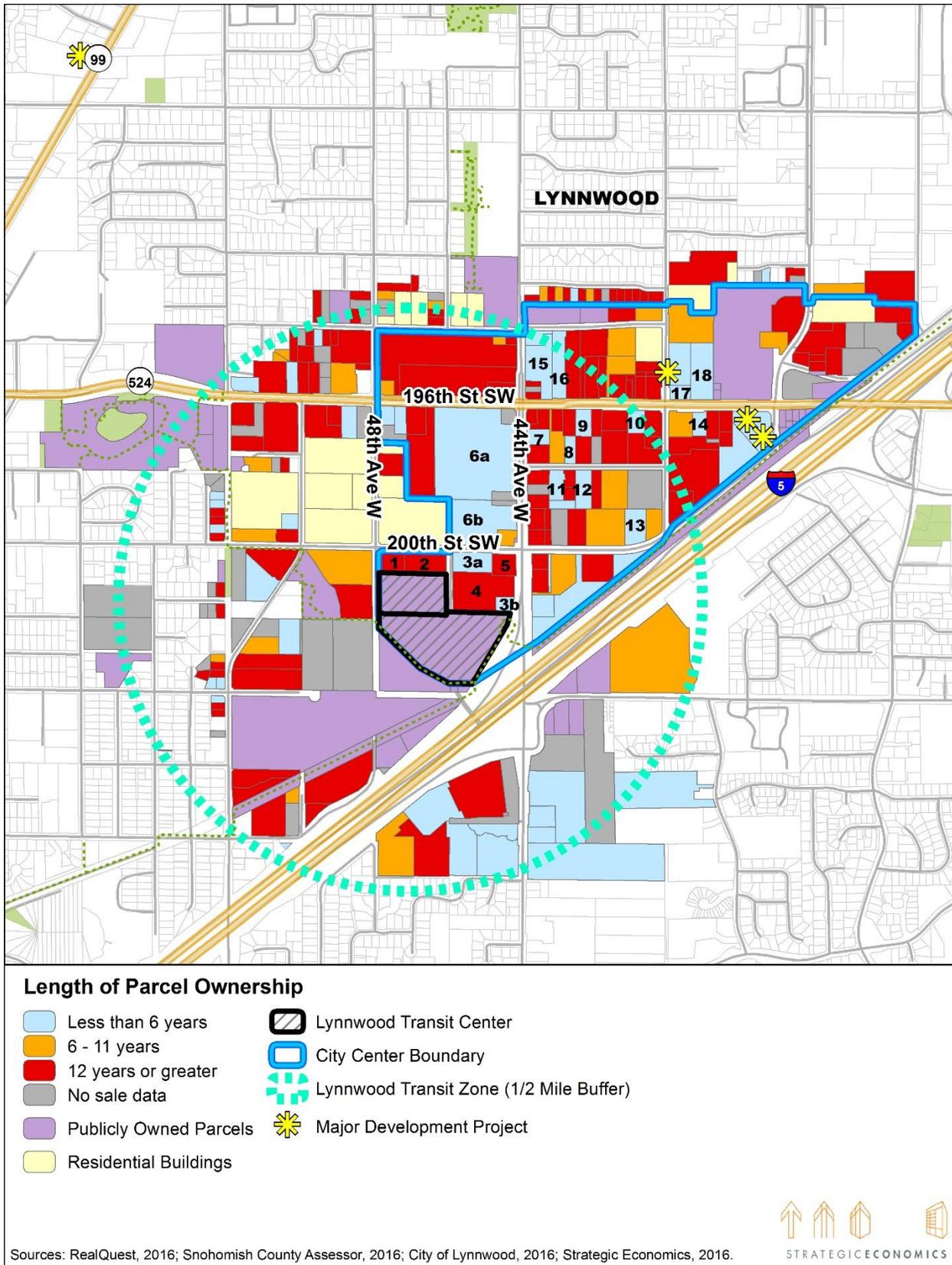


## Conceptual Site Plan and Subject to Change

Source: Sound Transit

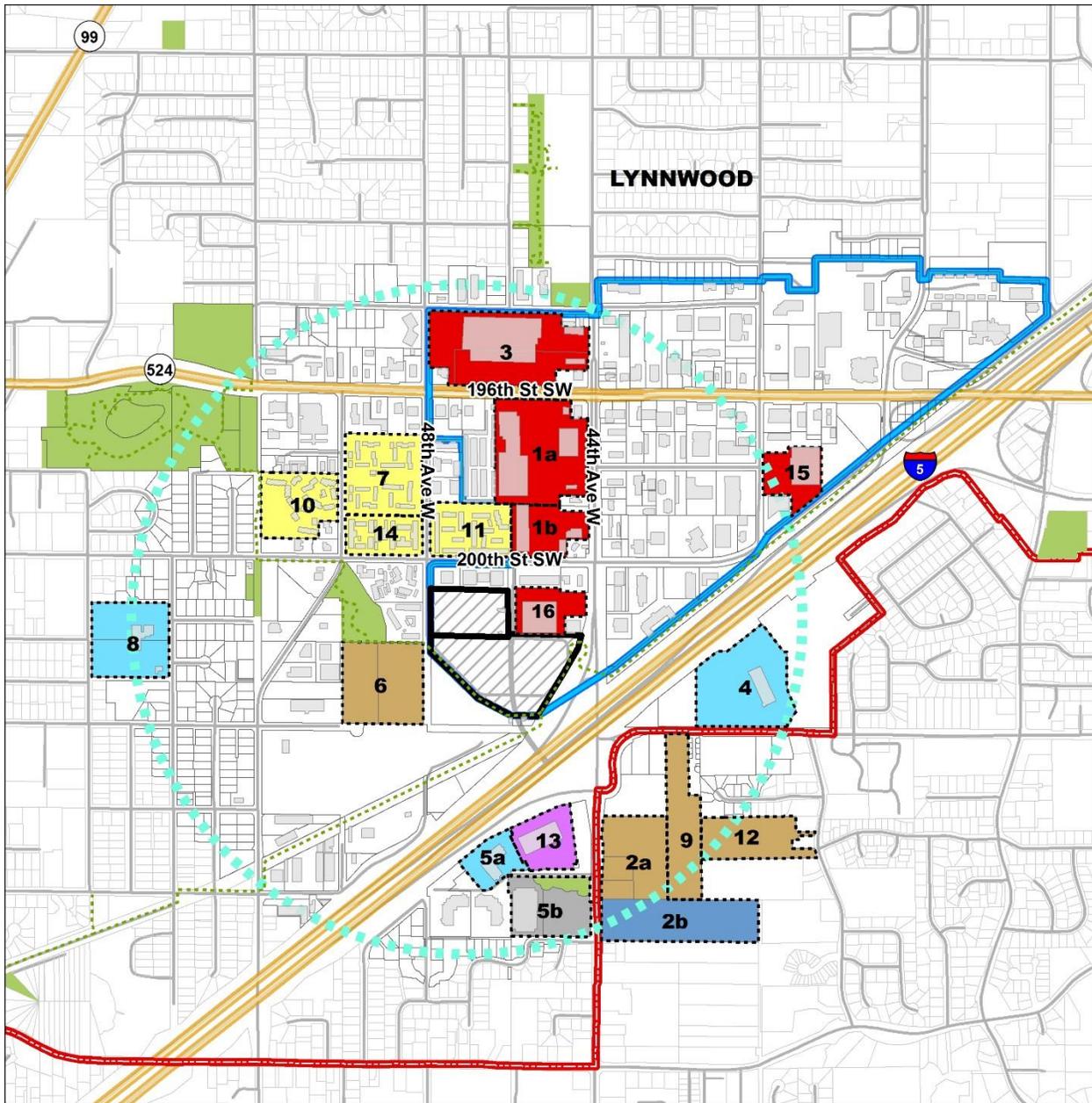
(Page 11– Future Lynnwood Transit Center Conceptual Site Plan)

# Appendix B



(Page 12 – Ownership Turnover and Length of Commercial Parcel Ownership)

# Appendix B



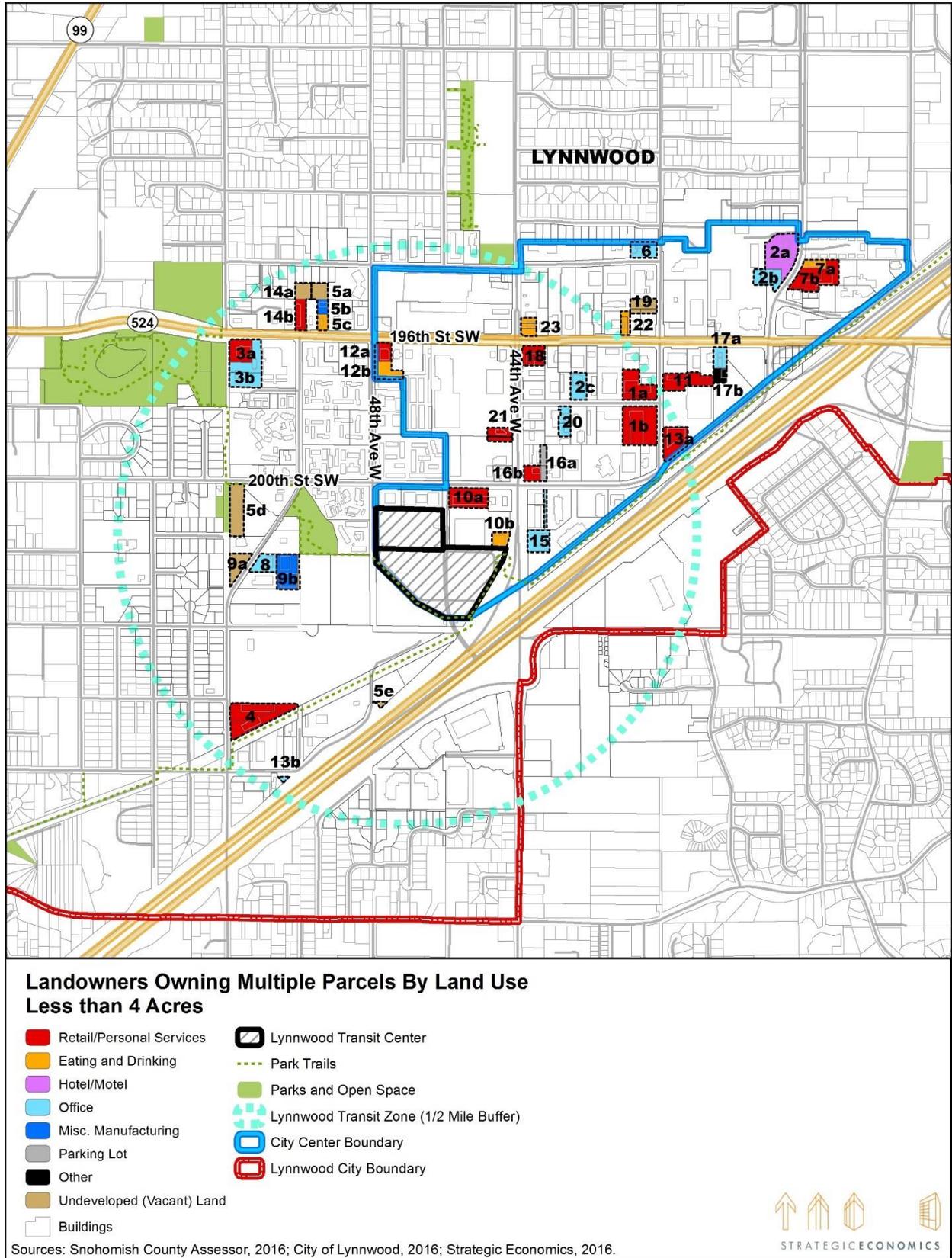
## Top Consolidated Landowners By Land Use 4 or More Acres

- |                          |                           |   |
|--------------------------|---------------------------|---|
| Residential              | Religious and Cultural    | Lynnwood Transit Center                 |
| Retail/Personal Services | Parks and Open Space      | Park Trails                             |
| Eating and Drinking      | Parking Lot               | Parks and Open Space                    |
| Office                   | Undeveloped (Vacant) Land | Lynnwood Transit Zone (1/2 Mile Buffer) |
| Hotel/Motel              | Buildings                 | City Center Boundary                    |
|                          |                           | Lynnwood City Boundary                  |

Sources: Snohomish County Assessor, 2016; City of Lynnwood, 2016; Strategic Economics, 2016.

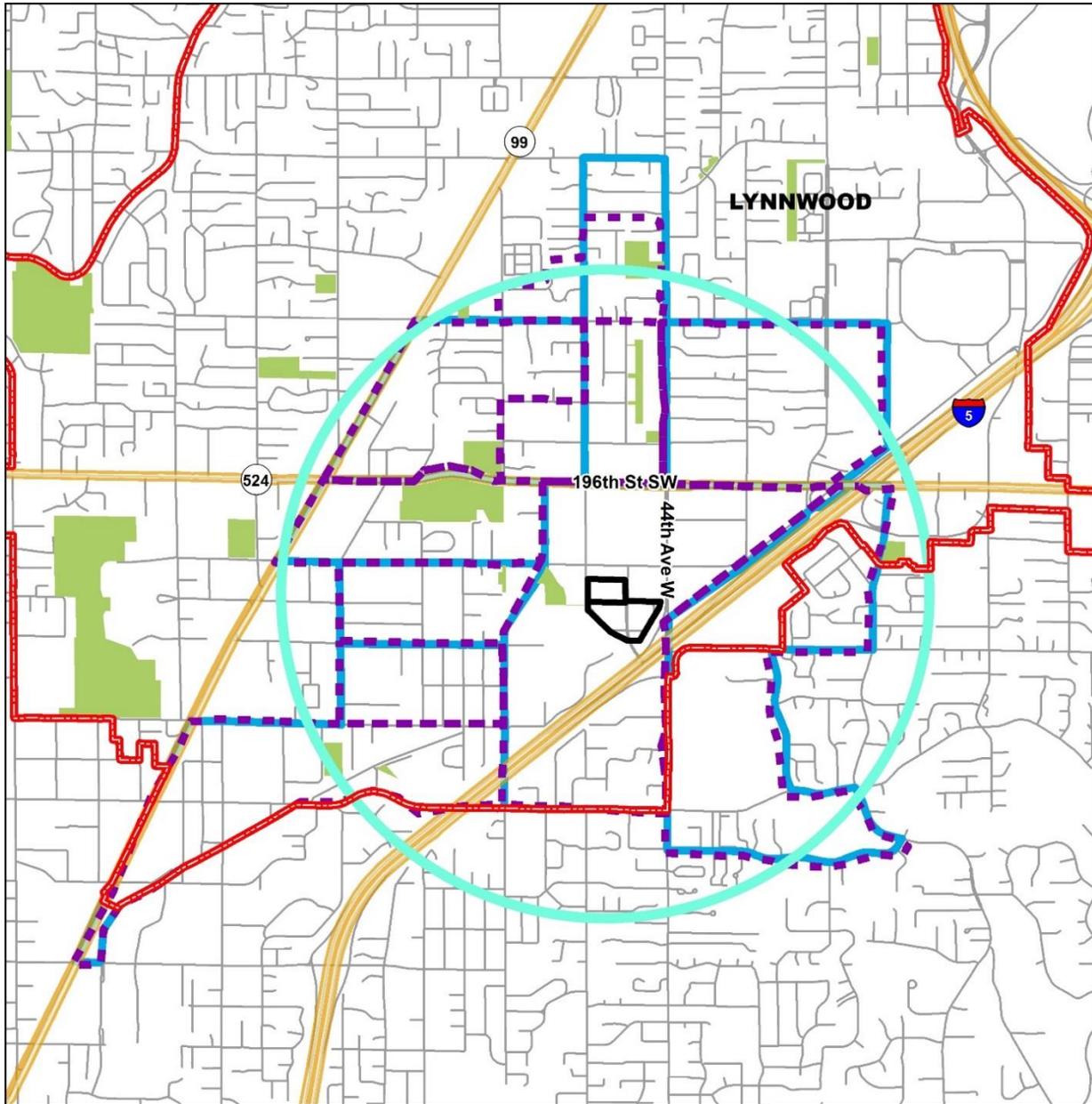


# Appendix B



(Page 15 – Landowners Owning Multiple Parcels by Land Use)

# Appendix B



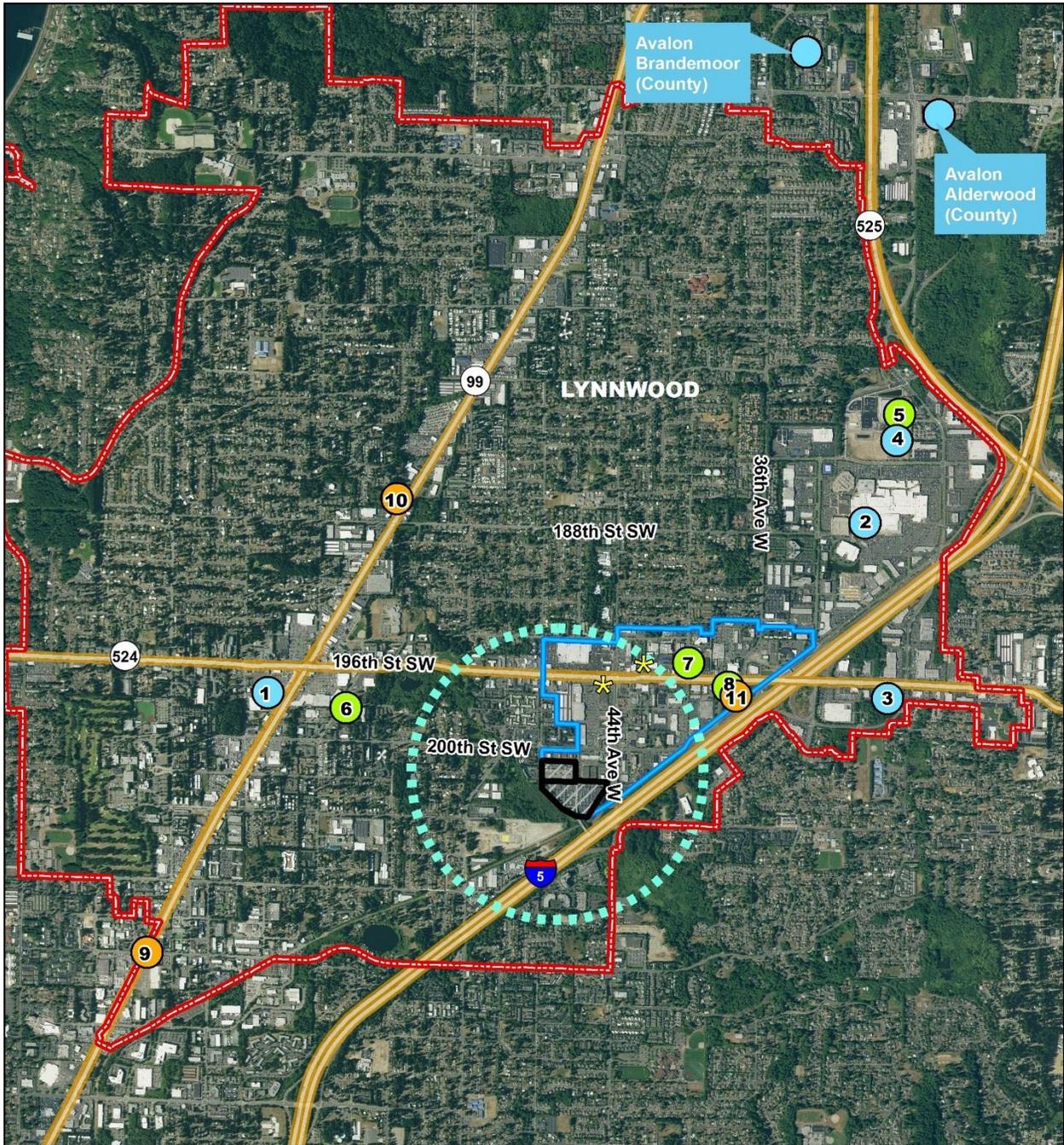
### Demographic Context Area Map

-  Lynnwood Transit Zone Block Groups (2000)
-  Lynnwood Transit Zone Block Groups (2010 & 2014)
-  Lynnwood Transit Zone (1 Mile Buffer)
-  Lynnwood Transit Center
-  Parks and Open Space
-  Lynnwood City Boundary

Sources: US Census TIGER, 2000 & 2014; City of Lynnwood, 2016; Strategic Economics, 2016.



# Appendix B



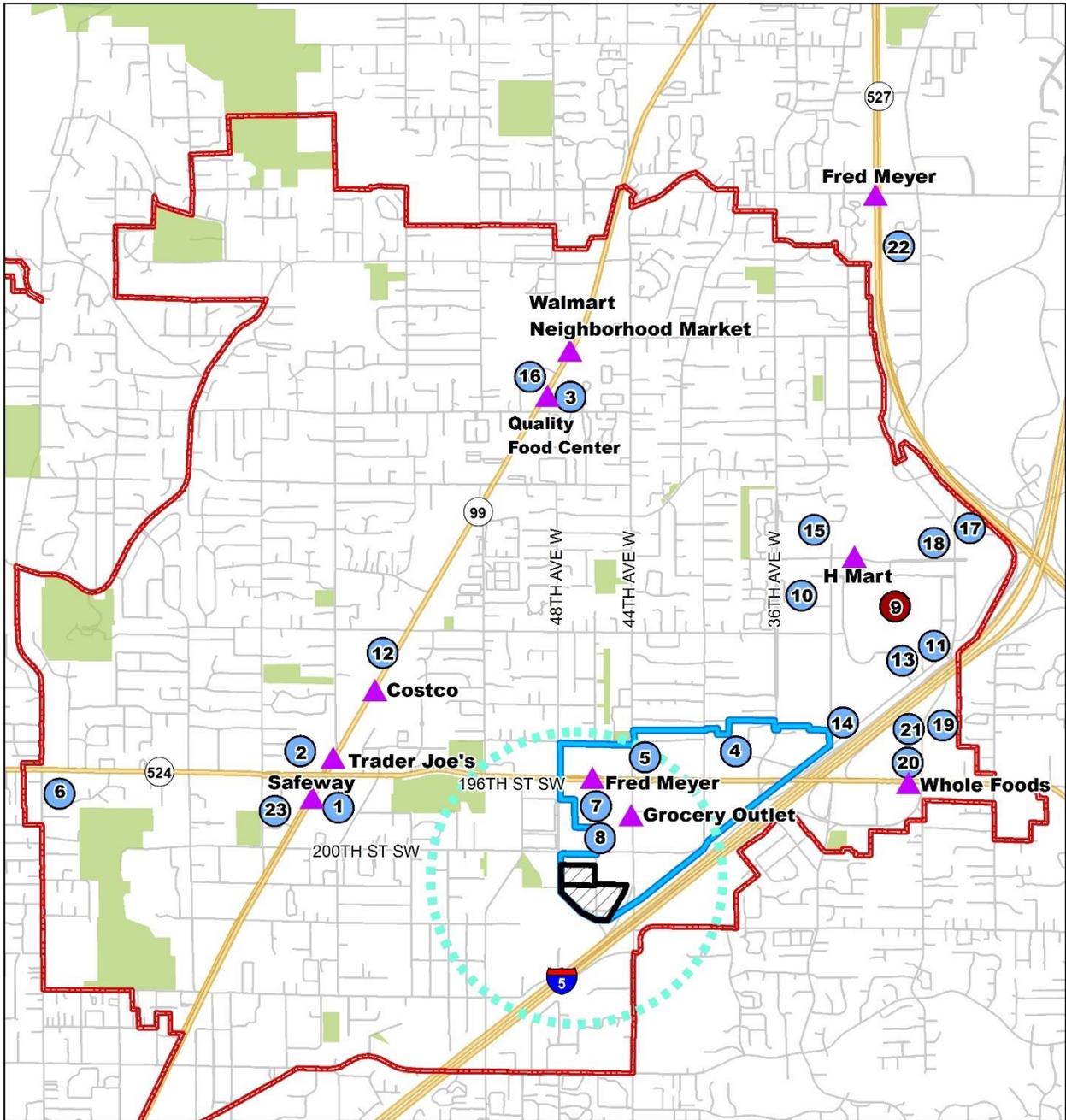
## Major Development Projects

- Completed
- Under construction
- Pipeline
- Lynnwood Transit Center
- City Center Boundary
- Lynnwood Transit Zone (1/2 Mile Buffer)
- Lynnwood City Boundary
- For Sale (LoopNet)

Sources: City of Lynnwood, 2016; Strategic Economics, 2016.



# Appendix B



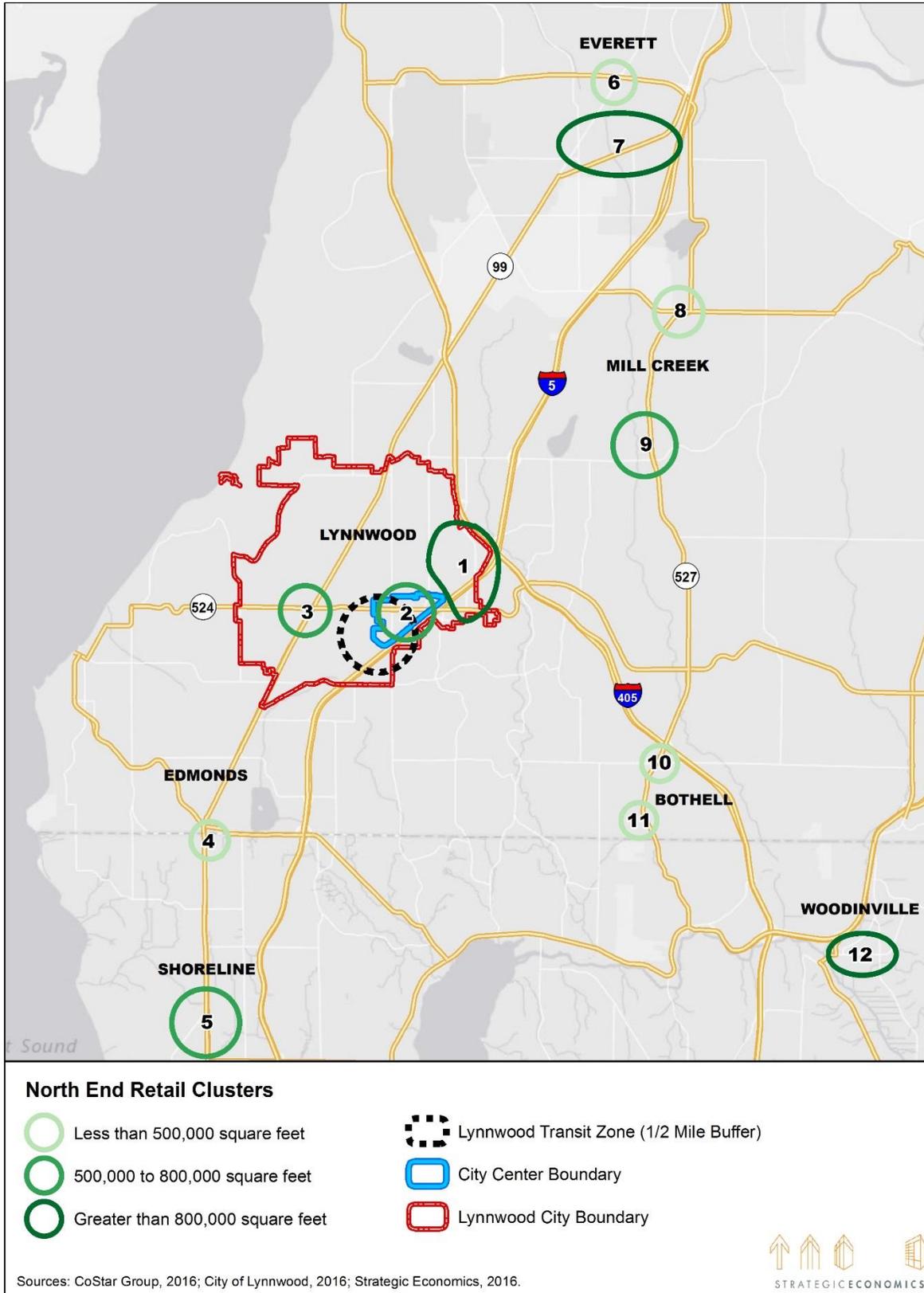
## Lynnwood Shopping Centers by Order of Year Built

- Community or Neighborhood Center
- Super Regional Mall
- ▲ Grocery Store
- Lynnwood Transit Center
- City Center Boundary
- Lynnwood Transit Zone (1/2 Mile Buffer)
- Lynnwood City Boundary
- Parks and Open Space



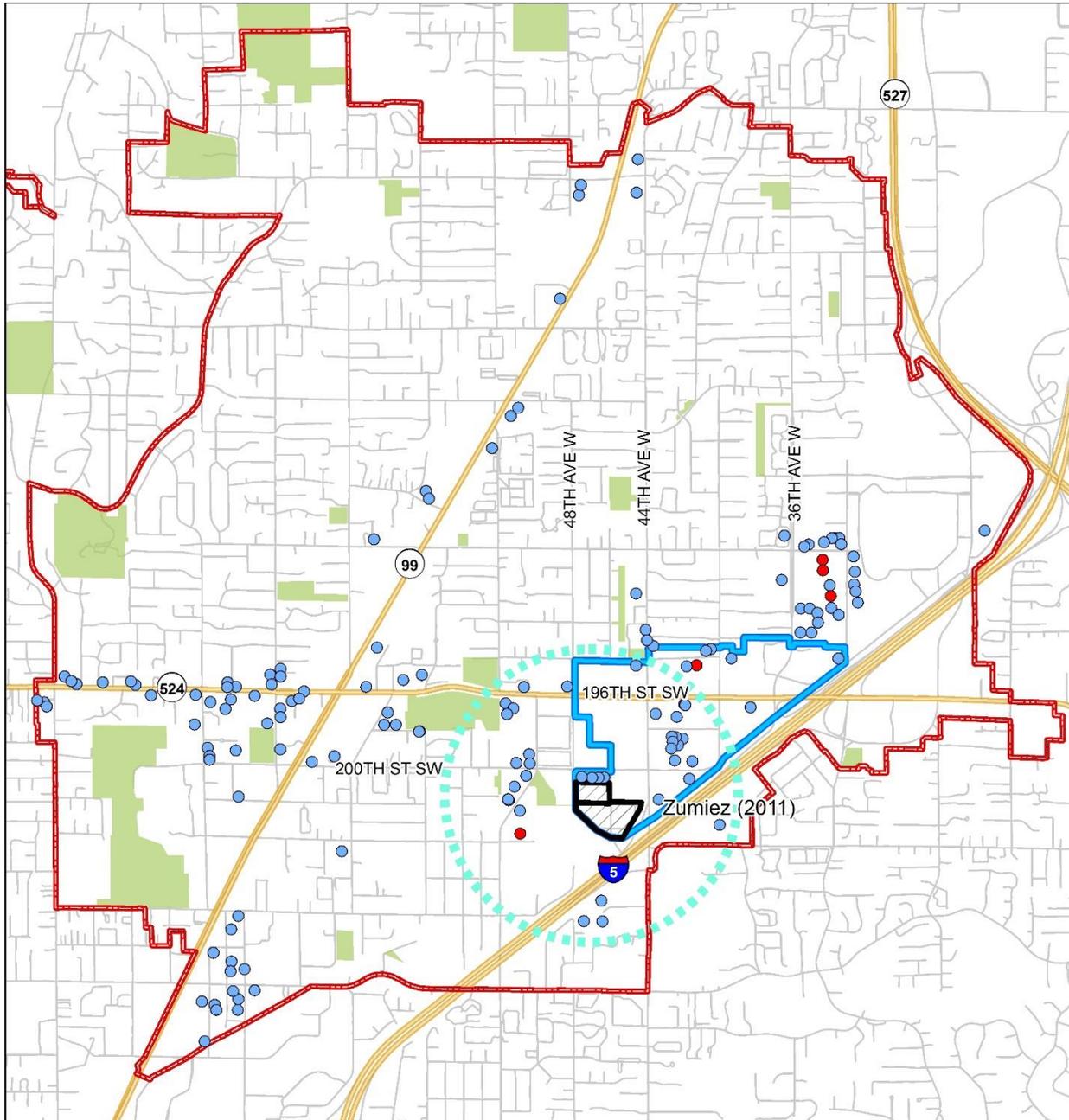
Sources: CoStar Group, 2016; Strategic Economics, 2016.

# Appendix B



(Page 34 - North End Shopping Center Clusters)

# Appendix B



## Lynnwood Office Property Locations

- Class A
- Class B and C
- ▣ Lynnwood Transit Center
- ▣ City Center Boundary
- ⋯ Lynnwood Transit Zone (1/2 Mile Buffer)
- ▣ Lynnwood City Boundary
- Parks and Open Space



Sources: CoStar Group, 2016; Strategic Economics, 2016.

**Federal Transit Administration's  
Transit-Oriented Development  
Technical Assistance Ladders of Opportunity Initiative**

**Technical Assistance Panel for Lynnwood, Washington**

**Briefing Book**

**September 20<sup>th</sup> and 21<sup>st</sup>, 2016**



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# Background

## FTA TOD Initiative and its Goals and Objectives

The National Public Transportation/Transit-Oriented Development, Technical Assistance Ladders of Opportunity Initiative is a project of the Federal Transit Administration (FTA) in partnership with Smart Growth America and its partners, including Enterprise Community partners, to provide technical assistance (TA) to improve access to public transportation, build new economic opportunities and pathways to employment, and support equitable transit-oriented development (TOD). The TA is intended to help elected leaders, developers, and community members to work together to build more TOD projects across the country, and to ensure that those projects are both economically successful and socially equitable. This Technical Assistance Panel (TAP) for the City of Lynnwood, Washington is a component of the TA to support the City to answer key questions regarding the planning and development of its City Center and the area around its Light Rail station to be opened in 2023.

## Summary of Lynnwood's Application for City Center and Lightrail Extension

The City of Lynnwood, WA was one of three Cities selected for in-depth technical assistance (TA) under this initiative. The focus of this work is to transform the area around the Lynnwood Transit Center from an auto-oriented, strip mall shopping center into a pedestrian friendly, high-density, compact, mixed-use TOD hub. The Lynnwood Transit Center (LTC) currently services 17 Community Transit bus routes and three Sound Transit Express Bus routes. Collectively, these bus routes connect every city in Snohomish County to major employment centers in downtown Seattle and Bellevue. Targeted for completion in 2023, Sound Transit's Lynnwood Link Extension Project (LLE) will bring the first link Light Rail station to Lynnwood and give riders a fast, frequent and reliable light rail connection through some of the worst traffic congestion in Washington. LLE will improve residents' access to jobs, educational opportunities, health care, housing, social services and multiple multimodal transportation options. Lynnwood would like to capitalize on this exciting and promising future by developing strategies through design and collaborative planning around the City Center and the LLE station area, taking into consideration existing market conditions, to create an environment that is not only conducive to TOD, but also offers opportunities for social equity, economic development and affordable housing.

The LLE Station is located within Lynnwood's City Center, which is a subarea of Lynnwood's Regional Growth Center dominated by suburban strip centers and single use commercial properties. The area is experiencing growth with 655 urban residential units and a 150-room hotel under construction. Of the units under construction, 347 are in a 100% affordable urban housing development and 308 in a senior apartment development, with at least 20% income-qualified units. The City adopted the [City Center Sub-Area Plan](#) in 2005 and amended it in 2007, which lays the foundation to support a dense, TOD, mixed-use urban center supported by multimodal infrastructure improvements. The City has also adopted a Planned Action Ordinance for City Center allowing for up to 9.1 million square feet of office, retail, and residential build out within the approximately 250 acres of City Center adjacent to the LTC and future LLE station.

## TOD TA Assessment Visit Findings

As part of the FTA TOD initiative, the Smart Growth America and Enterprise Community Partners team (TOD TA Team) conducted a two-day assessment visit to the City of Lynnwood with the following objectives.

1. Determine the City's needs and challenges as related to the development of City Center and the area around the Lynnwood Transit Center to support transit oriented development.
2. Gain an understanding of overall TOD objectives and outcomes to determine level of investment and buy-in across City staff and key stakeholders

The TOD TA Team met with a variety of stakeholders including the Mayor, Lynnwood city staff, members of City Council, key external stakeholders including representatives from Sound Transit, WSDOT, Community Transit, and other community, economic development partners and business leaders. Key Assessment Findings include the following:

- The City is largely auto-oriented with significant retail uses, with several key community assets including its trail system (Interurban and Scriber Creek); an abundance of restaurants, retail and shopping complexes, with Alderwood Mall being a key attraction for local, regional and international visitors; a well-performing convention center; Edmonds Community College; popular and well-used recreation facilities and public library; and the Verdant Health Commission, which has a community center and presence right in City Center.
- The City does not have a concerted long-term housing strategy, nor small business preservation strategy, to maintain affordability and to address the possible effects of gentrification brought on by light rail service and City Center investments.
- Demographically, the city has a growing Asian and Latino population with a strong Korean business community. Engaging and gaining support of the foreign born and small business community has been identified by the Mayor, members of Council, and various community stakeholders as a crucial component of advancing the City Center and TOD project.
- City is still in the process of determining how best to accommodate various modes of transportation within the City Center to achieve the vision of a vibrant, walkable, pedestrian and bike-friendly TOD community. The City is seeking a balance between allowing for through traffic and ensuring bike and pedestrian safety and land-use access in the City Center core.
- Securing financing for parks, street enhancements and other capital improvements and providing the right types of incentives to attract "first-in" market-rate housing and commercial developments to City Center is a challenge for the City. Tax increment financing is not available in Washington State, and the City has limited ability to bond. In addition, the City also does not appear to have fully leveraged and aligned its budget and infrastructure expenditures to support the City Center goals and vision.
- There is no clear and consistent message regarding the project and its benefits to generate needed support and momentum from the public and from City Council.
- There are currently several developments underway in City Center including the City Center Senior Living Apartments and CityCenter Apartments; however, the city does not have a strong strategy for identifying key development parcels, nor phasing the

development of City Center to effectively attract and generate interest for market rate investments.

- The City has developed a City Center Project Prioritization list (See Appendix A. Pg. 63) of City capital projects based on criteria that would contribute to transforming downtown Lynnwood into a vibrant live-work-play environment. However, the City has yet to identify a catalytic TOD project or strategy that would effectively leverage the transit and infrastructure investments, and outline immediate next steps to jumpstart such a project.
- The City faces development challenges due to the lack of available publically owned land (aside from parcels adjacent to the Lynnwood Transit Center owned by Sound Transit) and the lack of a coordinated land acquisition, assembly, and funding strategy for such a catalytic City Center site.
- The City of Lynnwood's bonding capacity is severely restricted. The Washington State Supreme Court categorizes guarantees entered into by local government as a debt obligation against the City's bonding capacity. This Supreme Court decision has impacted the City's available debt capacity by \$25M due to a prior City action to guarantee bond indebtedness. The City's 2016 remaining debt capacity is as follows:
  - Without a vote—\$26.3 M
  - With a vote—\$102.9 M
  - Utility purpose, voted—\$93.9 M
  - Open Space, park & Capital facilities, voted—\$78 M

## Big Picture Questions to be Explored by Panelists

For this TAP, the City of Lynnwood has developed two main thesis questions with follow up prompts to frame the discussions and arrive at strategies that would support the development of its City Center and the light rail station area.

### ***Question #1: What catalytic TOD projects should the city focus on to best meet City Center goals?***

- What two to four development parcels/sites should the City focus efforts on as key catalyst sites?
- What partnerships, acquisition, and development strategies should the City pursue for key parcels? For the identified sites, how does the City make development happen?
- How could the development of the catalyst sites be leveraged to catalyze development of adjacent parcels?
- What is the highest and best use? How should development parcels be phased? What is the best case scenario of uses, tenant mixes, and amenities?
- What current and future market conditions are constraints or may be issues for redevelopment of the sites?

### ***Question 2: How should the City proceed in catalyzing private development and developing a TOD neighborhood?***

- How does the City address objectives of the FTA Ladders of Opportunity program of supporting equitable TOD and local issues identified in the team's site visit around at-

risk small businesses, affordable housing preservation, foreign born populations, and gentrification?

- Which of City Center's Prioritized Projects (Council Resolution #2014-15) are likely to accelerate and catalyze private redevelopment and how should they be phased and funded? Are there design considerations that will increase the likelihood of the development serving as a catalyst? What should be prioritized?
- How should the positive ROI and benefits for the community from public investments be messaged to garner continued support from policy makers, citizens, and potential grant opportunities?
- What refinements to City Center codes regarding height in the west zone, setbacks along street, FAR, and off-street parking can assist in developing TOD?
- How do adopted City Center Street Standards frame the City's vision of an urban environment and are certain multi-modal project proposals more likely to assist in catalyzing TOD through improving walkability and connectivity?
- What is the critical mass and make-up of neighborhood amenities needed to begin to create a distinct place and identity for City Center?

## Lynnwood Economic & Demographic Background

### Demographic Trends Summary (Appendix A.3. Pg. 16)

#### ***Population and Households***

- Between 2000 and 2014, the Lynnwood Transit Zone experienced a 9% growth in population, compared to 7% in the City of Lynnwood overall and 21% in Snohomish County.
- There is a greater proportion of non-whites in the Lynnwood Transit Zone (48%) than in the city (44%) and county (27%) overall.
- Compared to the city and county, the Lynnwood Transit Zone has a slightly greater share of households with children. Thirty-four percent of households in the Lynnwood Transit Zone have children under the age of 18, compared to 25% of households in the city and 32% in the county.
- The Lynnwood Transit Zone has a high proportion of renter-occupied households. Fifty-six percent of households in the Lynnwood Transit Zone are renter-occupied, compared to 47% citywide and 39% in the county.
- Households in the Lynnwood Transit Zone is significantly housing burdened. Sixty-four percent (64%) of households in the Lynnwood Transit Zone is rent burdened, 58% is rent burdened in the City, and 50% in the County.
- The median household income in the Lynnwood Transit Zone is \$40,100, which is 25% lower than the city overall, and 73% lower than Snohomish County.
- Nearly 90% of Lynnwood's employed residents leave the city for work. Thirty percent of Lynnwood's employed residents travel to Seattle to work while 10% work in Lynnwood. Eight percent travel to Everett, and 12% travel to the Eastside cities of Bellevue, Redmond, and Kirkland. The remaining 30% work in other locations.

### **Housing Stock**

- Since 2000, there has been little housing development in either in the Lynnwood Transit Zone or the city. While the number of housing units in Snohomish grew by 23% between 2000 and 2014, the Lynnwood Transit Zone and City of Lynnwood grew by only 6 and 7%, respectively.
- Eight percent of all units in the Lynnwood Transit Zone were built in 2000 or later, compared to 10 percent citywide and 21 percent in the county.
- There is a greater proportion of multifamily housing (53%) than single-family (45%) in the Lynnwood Transit Zone, although this remains relatively low density.

### **Transportation**

- Eleven-percent of employed residents in the Lynnwood Transit Zone take public transit to work, compared to 10% in the city overall and 6% countywide.
- Employed residents of the Lynnwood Transit Zone taking public transportation to work has grown from 8 percent in 2000 to 11 percent in 2014.
- However, nearly half of employed residents of the Lynnwood Transit Zone spend half hour or more commuting to work, compared to 44% citywide and 45% in the county.

## [Real Estate Market analysis Summary \(Appendix A.4. Pg. 23\)](#)

This section describes the local housing, retail, and office market conditions in Lynnwood and nearby cities. Comparative cities include Bothell, Everett, Kirkland, Shoreline, and Redmond—chosen for their proximity to Lynnwood and recent downtown revitalization efforts.

### ***Recent Major Development Activity***

- In the last 5 years, 1.7 million square feet were added to Lynnwood’s retail market. An additional 120,000 square feet are in the development pipeline.
- In City Center, there are 655 units under construction with a majority (347) being affordable. Senior Living is mixed-income. There are two recently completed market-rate housing projects by Avalon Communities are located just north of city limits on 164th St SW.
- There is a mixed-use project being considered as phase II of Lynnwood place, already anchored by the new Costco, and will include up to 330 residential units, entertainment, and eating and drinking.

### ***Housing Market***

- In general, homes in Lynnwood sell for less compared to nearby cities, according to Zillow Research. In June 2016, the median sales price per square foot in Lynnwood was \$220 compared to Bothell at \$238, Shoreline at \$277, Redmond at \$321, and Kirkland at \$332 per square foot.
- The rental market in Lynnwood also lags behind nearby cities. In June 2016, the median rents in Lynnwood were 20-30% lower than rents found in the Eastside cities of Redmond, Kirkland, and Bothell.
- Among the newly constructed apartment buildings in nearby cities, average asking rents range between 25 to 67% higher than in Nickel Creek, which rents at \$1.73 per square foot. Nickel Creek was the most recently-built (1986) market-rate apartment building in the Lynnwood Transit Zone. The newest market-rate apartment buildings at Avalon Alderwood and Brandemoor rent between \$2.02 - \$2.12 per square foot. Although these are located just outside the city boundary on 164th St SW, they

represent the best comparable rents for newly constructed apartments available in the Lynnwood market generally.

### **Retail Market**

- Lynnwood is a major regional shopping destination, consisting of 8.3 million square feet of rentable building area with a predominance of surface parking. The current vacancy rate is 3.2% and the average monthly asking rent is \$1.56 per square foot. Monthly retail rents within the Lynnwood Transit Zone and City Center Subarea are slightly lower (\$1.18, triple net). This is attributable to the fact that Lynnwood's premier shopping center—Alderwood Mall—is located just north of the City Center Subarea.
- Lynnwood is home to a diverse mix of national and locally-owned eating and drinking places. Of the 72 eating and drinking places located within the Lynnwood Transit Zone and City Center Subarea, three-quarters are locally-owned.
- Thirty-percent of Lynnwood's shopping centers were built before 1970. Nonetheless, it remains an attractive place for retail development, including repositioning and expansion of existing centers. Three centers opened after 2000, with the most recent being Lynnwood Crossroads, located at 196th and I-99.
- Shopping centers concentrated near the Alderwood Mall averaged a 1.1% vacancy rate, which is among the lowest in the North End region.
- 196th Ave St SW, also known as State Route 524, serves as a major retail corridor for communities located west of I-99 who are commuting back from work in the Eastside and stopping along 196th St SW for day-to-day needs. According to local retail developer Sterling Realty Organization, there are about 65,000 cars that pass through the intersection of 196th St SW and I-99 daily.

### **Office Market**

- Lynnwood's location, highway accessibility, and affordable rents have attracted a variety of small and mid-size tenants, primarily in medical, professional and business services. Lynnwood has approximately 2.9 million square feet of office space, most of which are in multi-tenant Class B/C buildings. The typical office building in Lynnwood is between 6,000 and 10,000 square feet.
- Monthly office rents in the Lynnwood Transit Zone and City Center Subarea (\$1.70-\$1.85, full service) are slightly higher than the citywide average (\$1.47). However, vacancies in these areas exceed 13%, compared to the citywide office vacancy rate of 9%.
- Built in 2011, the corporate office headquarters for retailer, Zumies, Inc., is located within the Lynnwood Transit Zone, although on the east side of I-5. In the long term, Zumies may be an ideal candidate to recruit to the City Center area if they are looking for a new location with excellent transit access.

## Synthesis of JLL Study and Recommendations (Appendix A.7, pg. 52)

- The City engaged Jones Lang LaSalle (JLL) to prepare a report to identify possibilities and constraints to implementing the City Center Sub-Area Plan.
- JLL used a multi-part methodology to address the City's questions:
- Conducted key informant interviews
- Summarized real estate market conditions for multifamily housing, office and retail uses

- Prepared financial feasibility analyses for multifamily and office product types that are consistent with the desired development envisioned in the City Center Plan.

## TOD Development & City Center Development

### Property Ownership & Land Use Analysis (Appendix A.2, Pg. 6)

#### **Property Ownership**

- Over half of the privately owned parcels are held by long time owners and there has been very few recent efforts to assemble multiple contiguous parcels. This indicates that there has been little or no speculative land acquisition for future development projects.
- The two largest commercial property holdings are held by a strong retailer operator (Merlone Geier) and a long standing strip commercial owner (Fred Meyer), both of which are not developers seeking to make a return on new construction or mixed-use in the near term.
- It is difficult to fully evaluate commercial land values. There have been only a few recent transactions and the data can be incomplete, but it appears that land values are high relative to the values Jones Lang LaSalle indicated would allow residential development to move forward.

#### **Existing Land Use**

- There are 552 acres within the Lynnwood Transit Center (1/2 mile buffer) and the City Center Subarea.
- Commercial land makes up 47% of total acreage. Meanwhile, publicly owned land makes up 22% of total acreage.
- Residential land comprises over 20% of total acreage, but is primarily found in the Lynnwood Transit Zone, not in the City Center Subarea.
- While retail dominates the commercial land uses in the area, there is also a significant proportion of office use.
- The Lynnwood Transit Center and future light rail station are located in a challenging place in that these uses are surrounded by constrained conditions on all sides.

### Sub-area Plan Summary

The City of Lynnwood adopted the City Center Sub-Area Plan in 2005, and amended it in 2007. The plan is a guiding document to transform Lynnwood's City Center from an auto and strip mall oriented community to a dense, walkable, livable, transit-oriented urban center. It outlined goals for redevelopment of the existing low-rise retail and office building to higher density mixed-use buildings. The area was also rezoned in 2006 to accommodate the significant growth that's anticipated through the implementation of the City Center Sub-Area plan.

### City Center Priority Projects

Based upon a set list of evaluation criteria that takes into consideration implementation elements to achieve the goals and policies of various Lynnwood planning efforts, the City has developed a working list of priority infrastructure and capital projects to support City Center development.

<p><i>Transportation Projects</i></p> <ol style="list-style-type: none"> <li>1. 42nd Ave. W. (new grid street)</li> <li>2. 196th St. SW improvements</li> <li>3. 194th St. SW improvements (new grid street)</li> <li>4. Poplar way Extension (new grid street)</li> <li>5. 200th St. SW improvements (with light rail)</li> </ol>	<p><i>Transit Projects</i></p> <ol style="list-style-type: none"> <li>1. Lynnwood Link Light Rail Mitigations</li> <li>2. City Center Light Rail Extension</li> <li>3. Pedestrian Crossing 196th at Convention Center (with City Center light rail extension)</li> <li>4. City Center Transit shelter design</li> </ol>
<p><i>Pedestrian Projects</i></p> <ol style="list-style-type: none"> <li>1. Town Square Park</li> <li>2. Promenade Street Improvements</li> <li>3. I-5/44th Ave. W Underpass Improvements</li> <li>4. Interurban Trail Enhancements</li> </ol>	<p><i>Partnerships Projects</i></p> <ol style="list-style-type: none"> <li>1. Phased Government Center, Sno-Isle Library and other core redevelopment</li> <li>2. Transit Oriented Development associated with Lynnwood Link light rail or 196th BRT</li> <li>3. Village Green Park as project component with site redevelopment</li> <li>4. Convention Center Expansion and excess LPFD site redevelopment</li> <li>5. Edmonds School District and City property at 196<sup>th</sup></li> </ol>

## City Center Zoning

The City has a separate zoning code for the City Center area of the city. There are a number of sections in the code the City has identified as areas to review.

- Height Limits—The western section of City Center just north of the station has a height limit based on its proximity to residential uses. The residential uses adjacent are already multi-family; therefore, development would not be impactful on our commitment to protect single-family neighborhoods. There may not be a need to be as restrictive for this potentially major TOD site. Sec 21.60.400 (A.2.b.i)
- Setbacks—Allows buildings to be set back from wider streets. Buildings along boulevard streets may be set back up to 17 feet from the property line. This code may influence the human scale of development along the major boulevards of 44th and 196th Sec 21.60.400 (B.1.c)
- Floor Area Ratio—This section provides guidelines for by-right floor area ratios, as well as available density bonuses for green building standards, structured and underground parking, public spaces, and mixed-use orientation. This section also includes parking, and bicycle standards, but includes does not include affordable housing bonuses. Sec 21.60.400 (C)
- Street Standards—The design standards for various roadways including arterial, collector, boulevards, and promenades are outlined here. These design standards have great implications on the built form and conductivity for creating walkable TOD. Sec. 21.60.500

- Parking Standards—This section reviews the off-street parking minimum and maximum requirements. With the incoming Light-Rail terminus a large amount of structured parking will be added to the City Center. The City has expressed the desire to not simply be a park and ride terminus. Sec 21.60.400 (D)
- Non-Conforming Uses—This section reviews the City’s approach of non-conforming property improvements. The section addresses the issue of suburban retrofit versus full redevelopment and how this incremental approach creates challenges to achieving the vision. Sec 21.60.700

### Summary of Joint Development Context and Briefing (Appendix A.6 pg. 45)

- The current Sound Transit bus facility includes an ancillary parking lot that could become a joint development site. However, this parcel is currently land locked and its best development potential would likely come from combining this property with one or more parcels immediately to the north. These parcels to the north are currently developed as Class C office space with long term owners.
- Several additional potential joint development sites will be created as a result of the Lynnwood Links construction. However, these parcels will be required to support the construction process and are not anticipated to be surplus, and thus ready for joint development, until sometime around 2023.
- These future surplus parcels are small and isolated from the more central parts of the City Center area, and thus have very limited potential for catalytic transformation.
- The WSDOT park and ride lot could have longer term joint development potential, but WSDOT’s potential to do joint development requires further exploration. It is possible at this point that WSDOT has no authority to participate in joint development projects.

### Appendices

- A. Lynnwood TOD Implementation Market Conditions Summary
  1. Study area geographies and context
  2. Existing land use and property ownership
  3. Demographic trends
  4. Real estate market conditions
  5. Comparative case studies
  6. Joint development options and opportunities
  7. Summary of Jones Lang LaSalle draft report
- B. Full-size Maps
- C. List of Panelists and Bios
- D. TAP Agenda
- E. Walking Tour Map

# ULI Technical Assistance Panel Recommendations

## City of Lynnwood - Downtown Redevelopment



## ULI Northwest

The Urban Land Institute provides leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI Northwest, a district council of the Urban Land Institute, carries forth that mission as the preeminent real estate forum in the Pacific Northwest, facilitating the open exchange of ideas, information and experiences among local, national and international industry leaders and policy makers.

*Our mission is to:*

- Build a regional vision of the Pacific Northwest that embraces and acts upon quality growth principles.
- Encourage the collaboration among all domains – public and private – of the real estate industry.
- Build consensus among industry and public leaders who influence land use, transportation, environmental, and economic development policies.

## City of Lynnwood

Lynnwood has a population of 36,485 and is a mix of urban, suburban, and small city living. Incorporated in 1959 at the southern border of Snohomish County, it has flourished as a center for shopping and a bedroom community for people who work in Seattle and Bellevue. Many homes in Lynnwood are still owned by their original residents.

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# ULI Technical Assistance Panel Recommendations

## City of Lynnwood

### EXECUTIVE SUMMARY

Growth in the City of Lynnwood will accelerate with the arrival of light rail. The Lynnwood station is expected to open in 2023, based on the projections of Sound Transit. With the new station, the City will be linked as never before with the rest of the region and its urban centers.



Lynnwood leaders are positioning the City to invest wisely in this future. They are leveraging the City's connection with regional transportation infrastructure, anticipating new demand for housing, and working to make Lynnwood an even better place to live, work, and play.

The City has made great progress with a plan framework that concentrates on the existing transit center and coming light rail station area, with a strong system of pedestrian-friendly streets, reduced block sizes, and more dense development near the transit center.

Demand for multi-story transit-oriented development (TOD) will increase during the approximate 15 years that Lynnwood is the terminus of the Link Light Rail line along Interstate 5. As the light rail line continues toward Everett, that demand will only accelerate.

In the meantime, planners anticipate the opening of the station in Lynnwood by thinking about the experience of new visitors and Lynnwood residents who may be seeing the City for the first time as a pedestrian. When light rail riders arrive, they should be able to find the City welcoming and interesting. They should be encouraged to linger and investigate, visit later, or even think about living or working in Lynnwood in the future.

As it moves toward this future, this Technical Assistance Panel as convened by ULI Northwest recommends that the City of Lynnwood be guided by the following priorities:

- **Embrace the traditional heart of Lynnwood and its residents.** Lynnwood evolved as a suburban city over the last 50 years. It will take a few decades to shift the pace of development and grow more urban. While the city sets the framework for big changes, new residents will continue to be attracted to the relative affordability of single-family homes in Lynnwood and its distinctive civic amenities, including its

popular recreation and aquatic center, Sno-Isle Library, and Edmonds Community College. Linking these to transit via multi-modal corridors will increase the City's appeal to potential residents and newer generations, while benefitting existing residents and older generations. While looking to these assets, Lynnwood should not lose the diversity and affordable quality of life that has become part of the City's brand in the region.

- **Make arrival in Lynnwood clear and inviting.** For a first-time visitor, arriving in Lynnwood should be accompanied by a sense of orientation—visible cues about which way one might go to get to know the city, find reasons to stay awhile, and understand the loyalty of long-term residents. This could begin in the station area itself with indications of nearby attractions, from coffee stops to natural areas. Arriving visitors could also benefit from knowing where to find a nearby, walkable street that leads into existing shopping areas, the civic campus, the Lynnwood Convention Center, and Alderwood Mall. Clear sight lines to nearby retail and park amenities will help draw riders to linger in the neighborhood.

- **Invest in strategic street infrastructure.** As a major north-south connection for multiple modalities, 44th Avenue West is well positioned to serve as a focal entrance for City of Lynnwood residents and visitors. Tying in with the eastern edge of the designated station area, 44th Avenue West can be correctly read as a way into the decades-old centers of community life in Lynnwood. Enhancements to the pedestrian environment along this corridor, including either a joint path or a protected bike lane, will send a clear signal to potential residents, developers, and investors that Lynnwood is looking ahead to a new generation of inhabitants, one that is more focused on mobility and less dependent on cars. In addition to capital investments, the City should add event programming to draw residents from adjacent neighborhoods and encourage walking and biking to existing retail and restaurants.

- **Seek public and non-profit partners.** Engage Sound Transit in facilitating an optimum transit-oriented future for the two development sites Sound Transit owns immediately adjacent to the station. Policies supporting transit-oriented development (TOD) are continually evolving and expanding. There may be opportunities within these parcels to develop workforce housing in partnership with the Housing Authority of Snohomish County. Given the subsidies available, affordable housing may become the vanguard of new development in the City Center area.

- **Proactively partner with private investors and developers.** The superblock to the west of 44th Avenue West and south of 196th Street Southwest is largely under control of a single owner, presenting a potentially huge win-win opportunity for owner and City. This owner has an inherent interest in enhancing the value of the urban environment there and in the immediate surroundings, and in attracting retail customers, including light rail riders, from Lynnwood and elsewhere in the region. The City holds considerable leverage in achieving value here, and should intensify efforts to find common cause in planning the future layout of this block. This

---

***“What is going to make us proud of Lynnwood when we have our big grand opening of light rail in six years?”***

---

would mean investing in a quality pedestrian environment that ties in with the changing City, especially along 44th Avenue West. The development of this block could set up context for retail, mixed-use, and residential development in the blocks designated for more density near the Lynnwood Transit Center and light rail station.

- **Adjust expectations about height and density.** The economics of development in the area will support low-to-midrise construction. Zoning codes and permitting processes should be adjusted to facilitate and optimize “five-over-one” (six to seven story) mixed-used development.

With pedestrian-friendly block redevelopment and multi-modal street infrastructure, Lynnwood’s current residents should be able to anticipate a more connected future and welcome a new generation of residents even while they themselves feel the benefits of City investments.

## BACKGROUND

Lynnwood, Washington, population 36,485 (2010 Census), is a mix of urban and suburban, small city and crossroads. It is a young city, incorporated in 1959, near the southern border of Snohomish County, along Interstate 5. It has flourished as a center for shopping and a bedroom community for people who work in Seattle and Bellevue. Many homes in Lynnwood are still owned by their original residents.



*1959 aerial photo of Lynnwood*

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***“The founders live here.  
They are here.”***

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As transit becomes more essential for growth, Lynnwood Transit Center has made the city a regional bus connector, with over 19,000 riders traveling north and south daily on 781 buses. Of those, about 8,400 originate their trips in Lynnwood. The current park-and-ride lot includes 1,368 spaces. A total of 1,900 parking spaces, including surface and structured parking, are planned.

The City’s role as a bus transit center will continue for the foreseeable future. Lynnwood is expected to see rapid growth in the coming decades as the new terminus of Sound Transit’s Link Light Rail system, beginning in 2023. It is expected to remain the terminus for 15 years, after which the line will extend further north to Everett. After the light rail station opens, trips from Lynnwood to downtown Seattle will take about 28 minutes. Sound Transit projects up to 74,000 riders each weekday by 2035.

Lynnwood is the only Regional Growth Center between Seattle’s Northgate area and Everett, as identified in Puget Sound Regional Council’s 2040 Plan. Regional Growth Centers are expected to receive a large proportion of the region’s population and employment growth. As such they are eligible for regional funding to improve access and mobility, especially for walking, biking, and transit.



Much of that growth is expected to be concentrated in Lynnwood City Center, a sub-area of its Regional Growth Center as designated in a plan for the sub-area adopted in 2005 and updated in 2007. The City is prioritizing infrastructure investments, zoning regulations, incentives, and other major initiatives in the City Center sub-area. Incentives include a planned action ordinance with streamlined environmental review, a multifamily tax exemption program, and a traffic impact fee exemption.

Transit-oriented development (TOD) is expected to begin in the Lynnwood transit zone, which is defined by a half-mile radius that extends out from the Lynnwood Transit Center. The Lynnwood Transit Center itself is constrained by Interstate 5 on the southeast, extensive wetlands near the station itself, and a large parcel belonging to the Edmonds Unified School District and dedicated to its school bus operations. Most of the publicly owned land inside the Transit Center area is not available for development.

## CITY CENTER PROJECTS



### COMING SOON

- 1 Lynnwood Link Light Rail
- 2 196th St SW Improvements
- 3 Future 42nd Ave W
- 4 Interurban Trail with 40th Ave Trailhead Improvements
- 5 CityCenter Apartments
- 6 City Center Senior Living Apartments
- 7 Hilton Garden Inn

### PROPOSED

- 8 Transit-Oriented Development
- 9 Town Square Park
- 10 I-5 / 44th Ave W Underpass Improvements
- 11 Scriber Creek Trail
- 12 194th St SW Extension
- 13 Promenade Street and Walkway



The existing Civic Center is located near the northern-most extreme of the Lynnwood transit zone the potentially walkable area within a half-mile radius of the Transit Center and light rail station. It also lies along the north-south running 44th Avenue West, which connects with the east side of the Lynnwood transit zone.

Long-time owners hold over half of the privately owned parcels within the Lynnwood transit zone. The two largest commercial properties are held by retailers Merlone Geier and Fred Meyer. Merlone Geier has recently assembled over 18 acres of property within Lynnwood's City Center for potential redevelopment.

### RECOMMENDATIONS

All transit riders are pedestrians, at least for a short time. Dense, transit-oriented development (TOD) will act as a catalyst for market-driven densities, but only when it occurs in the context of an inviting, legible, high-quality pedestrian environment.

Narrowly defined, TOD consists of some combination of housing and commercial construction that concentrates density in parcels adjacent to transit stations, and it is typically planned or even built in anticipation of station openings. The more transit-oriented development reduces the need for private transportation, the more time and money it saves for riders.

More inclusively, TOD responds to the arrival of transit by making neighborhoods and towns around transit stations more accessible and inviting to all modalities including bicycles. In this way, it is catalytic for the market and conducive to greater densities in the long run.

The impact of Lynnwood's light rail station will be huge for the city, but for the first 15 years, while the City is the terminus of the larger system, it will need to accommodate automobiles in the station area and surrounding streets, in the form of parking places and drop-off areas. The City must balance the long-term priority of a quality pedestrian environment, especially near the station, with near-term demand for parking, understanding that there is direct competition between the two.

In the meantime, the most catalytic investments the City can make are in public infrastructure, the streets and open spaces that define urban centers and create value for those who inhabit the urban environment and those who would build there.

The following recommendations for Lynnwood are based on the more inclusive definition of transit-oriented development. They include:

- 1. Capitalize on the existing City Center vision.**
- 2. Build a walkable City Center, beginning within the station area.**
- 3. Make public investment visible and welcoming.**
- 4. Focus on connecting existing assets.**
- 5. Make light rail convenient, efficient, and pleasant to use.**

#### **1. Capitalize on the existing City Center vision.**

The Lynnwood City Center Subarea Plan will take decades to build out, and development should be anticipated in phases. The plan area, which includes the station area itself, is expected to accommodate between 3.3 and 9.1 million square feet of development. High construction costs and the limits of market demand mean that actual development is likely to be in the low part of that range. Based on the market and the foreseeable future, the City of Lynnwood should optimize development outcomes by adapting zoning to low-to-midrise construction and related densities. Zoning codes and permitting processes should be adjusted accordingly. "Five-over-one" (six to seven story) is the construction type most likely to be supported by market conditions. Therefore, high quality, mixed-use five-over-one development should be encouraged. Zoning should discourage big box retail and other undesirable uses.

According to the experience of one active local developer, the current price of land is more encouraging than prohibitive, but the cost of construction is rising along with overall regional growth, so that it is difficult to achieve a reasonable return. Local regulations inhibit investors



*Example of 5-over-1 multifamily construction with public amenities*

and discourage development in some unintentional ways. The City could encourage private developers and investors in the following ways:

- Enhance public amenities and encourage private ones, building on current planning.
- Consider branding City Center neighborhood as an aid to placemaking. Publicize plans while seeking public input to gain maximum public support and buy-in.
- Adjust height limits and regulations to encourage 5-over-1 construction types and multi-family construction projects in the range of 140 units. International Building Code rules are becoming more accommodating of taller wood frame construction. The City of Seattle has a relevant zoning code amendment.

- Eliminate parking requirements. The current market can be supported by a ratio as low as 1.3 parking spaces per unit. The current minimum is already close to zero, at .5 per unit.
- Rationalize and spread the burden for undergrounding utilities. Current regulations place an undue burden on the first to develop in a block.
- Consider expanding program for waiving traffic mitigation payments under certain conditions.

In addition to housing for seniors, aging Baby Boomers and empty-nesters, multifamily housing projects could include student housing linked to local community colleges, and accommodate Lynnwood's increasingly diverse and youthful population. In multifamily housing, increased emphasis should be placed on workforce housing, especially for Millennials and beyond. In general, accommodation should be made for new residents who are raising families and looking for affordability.

The economy of Lynnwood is largely based on retail land uses, and trends in retail design and development are increasingly urban in look and feel. The most recent changes to Alderwood Mall are one example.

Affordable housing development could be a catalyst for growth, especially when market-rate apartments don't pencil. Opportunities to attract tax-credit developers should be sought. Public investments and efforts to catalyze private development should be focused in the station area and the 44th Avenue West corridor.

***“If we don’t have more modalities, we don’t have TOD. We have development near a train station.”***

The most important opportunities for public-private partnership in the subarea currently lie within the parcels in the superblock to the west of 44th Avenue West and south of 196th Street Southwest, which are largely under control of a single owner, the retailer Merlone Geier. Even if Merlone Geier were not considering mixed-use development, this important owner would have an inherent interest in enhancing the value of the urban environment there and in the immediate surroundings, and in attracting retail customers from Lynnwood and elsewhere in the region, including light rail riders. The City should intensify efforts to find common cause in planning the future layout of this block and its interface with 44th Avenue West, investing in a quality pedestrian environment that ties in with the changing City. This relationship could set a precedent for the development of mixed-use and residential development in blocks designated for more density near the Lynnwood light rail station.



## 2. Build a walkable City Center, beginning within the station area.

With the overall goal of transforming the City Center into a more urban and transit-friendly environment, Lynnwood should start with a two-pronged approach. The first step is to begin discussions with Sound Transit on how to proceed in gaining a development partner and planning a mixed-use project for one of the two Sound Transit parcels in the immediate station area, including a construction schedule that meshes with Sound Transit's. The second is to study improvements to 44th Avenue West that transform it into a welcoming, multi-modal civic spine.

This two-pronged approach is based on perceived opportunities to:

- Leverage the value of land that is already under the control and ownership of the City.



- Connect transit with Lynnwood's existing retail centers, amenities and convention center.
- Invite and accommodate a new generation of citizens.

The City could begin building a walkable City Center within the Link Light Rail Station Area itself, by seeking public and non-profit partners in the development of one or both of the two Sound Transit sites immediately adjacent to the station. The selection of particular sites for development and the order in which they are planned and built out can be negotiated with development partners, in the context of a design feasibility study.

Sound Transit's policies supporting of transit-oriented development (TOD) are continually evolving. There may be opportunities within the two parcels adjacent to the station to develop workforce housing in partnership with the Housing Authority of Snohomish County. By developing new affordable housing and retaining the existing affordable options to the west of the station, Lynnwood can create a TOD node in the City Center where moderate-income workers are most likely to use transit.

Investing proactively and strategically in multi-modal streets provides far-reaching support for

high quality TOD. A good street environment will make pedestrians and bicyclists feel invited, safe and welcome, and demonstrate that the City is investing in a high quality environment for TOD and amenities for residents. Quality TOD will, in turn, serve as a catalyst for more urban, mixed-use development.

As a major north-south multi-modal connection, 44th Avenue West is well positioned to serve as a focal entrance for the City of Lynnwood. Tying in with the eastern edge of the designated station area, 44th Avenue West can be correctly read as a way into the decades-old centers of community life in Lynnwood. Enhancements to the pedestrian and bicycle infrastructure and in the street environment there will serve as a reminder of existing civic assets. They can also be leveraged as a catalyst for TOD, while signaling potential residents, developers and investors that Lynnwood is looking ahead to a more regional and urban future.

Lynnwood's current Streetscape Requirement for a 12-foot wide sidewalk could be translated into a 12-foot-wide green buffer along the west side of 44th Avenue West. This could achieve modality goals for Lynnwood by combining new infrastructure with a number of amenities, such as:

- A walkway wide enough for two people to walk together.
- A continuous green planting strip that could include trees and natural filtration.
- A shared-use bike path or protected bike lane.

This strategy, called a green buffer, would create shared-use benefits with adjacent parcels by buffering them from the hard surface roadway and traffic and adding value through a verdant landscape edge.



Lynnwood has already proven to be a municipal leader in reducing regulations and creating an expedited process for permitting. Refinement for accommodating and negotiating surface parking should be encouraged. However, it should not compromise street frontages in design guidelines and zoning incentives. The city can be flexible otherwise on off-street parking.



*44th Avenue needs to reflect a sense of arrival.*

### **3. Make public investment visible and welcoming.**

Increased density and more housing units are both a part of TOD, but local and regional response to growth and the changing urban environment will hinge on changes in the public realm that are visible, inviting and amenity-rich.

Opportunities for early small park development should be identified, especially among or adjacent to parcels in the block west of 44th Avenue West and south of 196th Street South-west. For optimum public benefit and amenities, park and plaza space could be tied in with a green buffer along 44th Avenue West, enhancing the westerly block and strengthening the connection to the civic center facilities.

Welcoming to the City Center should be extended to people arriving in automobiles, as well. Arrival plantings with a robust, well cared-for appearance and vibrant signage in the area of the freeway underpass at 44th Avenue West will help to bring attention to other changing features of the City.

Along with planning, the City can promote benefits to existing residents and businesses ahead of changes, and to generate continued support.

Some visible and welcoming changes can include:

- Wider sidewalks, connecting with through-block walkways.
- Large canopy street trees and strategically-placed groupings of conifers.
- Natural filtration and drainage.
- Striped buffers in bike lanes, where there is room, for accommodating all ages and abilities.
- Utility undergrounding.
- Wayfinding additions for automobile drivers as well as transit riders and pedestrians.



#### 4. Focus on connecting existing assets.

There are many reasons to live in Lynnwood. These should be celebrated along with the City's developing station area. These assets can and should be connected with a network of pedestrian-friendly streets, from major arterials to pedestrian-only corridors that break up Lynnwood's superblocks, as shown in the City Center plan. 44th Avenue West connects all except Lynnwood Convention Center and Alderwood Mall, which are nearby along arterials that intersect with 44th Avenue West.

These existing assets include:



- **Transit and station area.** With thousands of passengers boarding and arriving after the opening of the Lynnwood Link Light Rail Station, the City is laying the groundwork for intense development in the coming decades, and starting to create a pedestrian infrastructure that will connect the City Center Plan in a new way. The existing bus transit center is a good starting place.

- **Existing multifamily and single family neighborhoods near the station.** Enticing these residents to use transit will be a critical stepping stone in transitioning from a place for cars to a place for people.



- **Natural area and regional trail connection.** A lush natural area lies along the southwest edge of the station area. As part of Lynnwood's largest natural drainage system, Scriber Creek, this wetland area is preserved by law. Along with its function as a natural filtration system, it is also a scenic amenity, and Scriber Creek Trail runs through it, joining with the larger Interurban Trail system on the east side of Lynnwood Transit Center. It could become a recreational amenity for TOD.

- **City Center retail.** Lynnwood has a reputation as a regional cross-roads, largely based on its retail environment. Desirable retail should be protected and tax revenues leveraged for positive changes in the pedestrian environment. While much of the retail currently located within the city consists of typical strip malls, some retail investors may be interested in more urbanized retail, situated in an inviting, pedestrian-friendly environment.

- **Lynnwood Civic Center campus and Lynnwood Recreation Center.**

Lynnwood's garden-like 1970s-era civic campus, with its mature trees and groomed landscape, is a civic amenity. Lynnwood Recreation Center, with its year-round waterpark interior environment, has a regional reputation and draws visitors from throughout.

- **Convention Center.** Lynnwood Convention Center opened in 2005, with 34,000 square feet of flexible meeting space. Accommodating groups from 20 to 2,500, it has done well, meeting pent-up demand in its category.



- **Alderwood Mall.** Lynnwood's mall, which lies just outside the City Center, draws customers from around the region. It has invested in a recent expansion and renovation that gives it more urban outdoor circulation. With the arrival of light rail, ownership might become interested in making it a part of a larger pedestrian environment centered inside Lynnwood. The City should not divert resources to that cause, but it has already wisely moved to eliminate barriers to mixed-use development around the mall.



## 5. Make light rail convenient, efficient and pleasant to use.

Every light rail rider is also a pedestrian, and possibly a cyclist. The key to making light rail convenient, efficient and pleasant to use lies in improving the pedestrian environment. This means providing clear routes for pedestrians to make their way to ride-share stands or on to destinations throughout the City Center.



Wayfinding need not depend on signage. It can be enhanced with other investments like special paving and public art. In planning, special emphasis should be placed on the experience of the pedestrian who is arriving in Lynnwood and does not know the city. This begins in the design of the station itself, with its circulation plan and vantage points.



Friction between pedestrians and cars should get special attention, with the goal of reducing inconvenience to pedestrians, especially in the long term. Curb cuts and garage entrances along the most heavily used pedestrian walkways, for instance, should be minimized and preferably eliminated.

Making light rail efficient and pleasant to use could extend to retail and services tenants curated for transit riders. Childcare, coffee shops, bakeries, delis, and even dog care might be among the mix.

## CONCLUSION

In the coming decades, Lynnwood's role as a regional center will grow and change. The arrival of light rail transit will accelerate that change and help to bring a new generation of residents into the City Center.

Lynnwood's challenge is to invest public dollars strategically and channel private investment so that they leverage each other for a better future.

The City's proactive approach is particularly important at this time, as the region enjoys what may be a prolonged surge in employment, immigration, and in-migration from other regions. Panel recommendations are intended to focus that approach for the short term in order to

derive maximum benefits for Lynnwood in the long term. Beginning immediately, the City would do well to:

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***“We’ve done sketches.  
How can we make it  
happen?”***

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- Investigate partnerships with Sound Transit (land owner) and Snohomish Housing Authority (possible development partner) in planning for dense, mixed-use development of Sound Transit sites inside the Station Area.
- Make a study of enhancing 44th Avenue West as an inviting pedestrian environment. Include a strategy for engaging private landowners in supporting short term and long-term changes.
- Engage with the owner-developer of the block just south of 196th Street Southwest and 44th Avenue West. The importance of this block as a redevelopment opportunity to the future of Lynnwood can hardly be overestimated. It is in position to be a northern anchor to the enhancement of the 44th Avenue West corridor.
- Study placement of civic buildings. The pending decision to relocate civic buildings or services must be undertaken with caution, and should draw on the mixed experiences of other cities that have completed moves with similar goals.

The City of Lynnwood has a great future as a regional center. The City is meeting the challenge of making Lynnwood an ever better place to live, work and play inside the City.



## ULI Northwest Technical Assistance Panel Professional Biographies

### ***Al Levine | formerly Seattle Housing Authority (TAP Chair)***

As the former Deputy Executive Director of the Seattle Housing Authority (SHA), Al oversaw SHA's Development, Construction, and Asset Management programs. Under his leadership, the agency took on five HOPE VI redevelopment projects including High Point, which received the 2007 ULI Global Award for Excellence, and New Holly, recipient of the HUD-CNU Award for Changing the Face of America's Public Housing. Al received his B.A. from Hunter College of the City University of New York, and his Masters in Urban Planning from the University of Washington. Al currently serves as adjunct faculty for the College of Built Environments at the University of Washington, and is a member of the College's Department of Planning and Urban Design Professional's Council. He has also served on the Pike Place Market Historical Commission and the Boards of Directors for Common Ground and the Housing Development Consortium of Seattle-King County.

### ***Devin Culbertson | Program Director, Enterprise Community Partners***

Devin joined Enterprise Community Partners in 2012. In his role as the Program Director for Transit Oriented Development, Devin is focused on supporting individual projects and developing financing and policy solutions to ensure affordable housing and community facilities are built and preserved near transit. Devin's experience includes working in Enterprise's LIHTC syndication group, and developing affordable multifamily housing and single family home ownership projects.

### ***Kurtis Fusaro, Gerding Edlen***

Kurtis oversees acquisitions and development in the Northwest for Gerding Edlen's various investment funds. He is responsible for the acquisition of existing properties and development sites, and is involved in all aspects of the development process including underwriting, due diligence, contract negotiation, capital stack structuring, entitlements, design, construction, and marketing. Before joining Gerding Edlen, Kurtis held several roles in real estate finance, investment, and management including positions at Boston Capital and Harvard University. Kurtis received his Bachelor of Arts in Economics from Ohio Wesleyan University and a Masters degree in Real Estate Development from MIT.

### ***Gabe Grant | Principal, Spectrum Development Solutions***

Gabe is a Seattle native with a passion for creating great places and a deep commitment to civic affairs, and brings a strong multi-disciplinary approach to real estate. He has extensive experience identifying investment opportunities, structuring and negotiating complex real estate transactions, and managing the creative repositioning of a variety of asset types. Before joining Spectrum, Gabe was Vice President of HAL Real Estate Investments where he was responsible for the financial performance of a diverse portfolio of commercial real estate assets totaling over 1 million square feet located in the Seattle metro area and overseeing acquisitions and dispositions totaling over \$350 million. Gabe began his real estate career at Preservation of Affordable Housing (POAH) in Boston, working on complex mixed-income multifamily acquisition and renovation projects. Gabe is a former Fulbright scholar, has a BA from the University of Washington, an MPP from the Harvard Kennedy School and a Certificate from the Program on Negotiation at the Harvard Law School.

### ***Sarah Holstedt, CallisonRTKL***

Sarah is an Associate Vice President at CallisonRTKL. Working primarily on large-scale international commercial developments, her master planning and retail center design experience spans more than 240 million square feet including notable commercial projects, such as Al Zahia City Centre (UAE), IKANO Mega Bangkok West (Thailand), Grand Heights (Egypt) and The Outlet Collection (Auburn, Washington). Regardless of the project location, Sarah believes that fundamentally good design knits together the vision and brand of the client with the aspirations of the community it will serve.

### ***M.A. Leonard | Vice President, Enterprise Community Partners***

M.A. is Vice President and Pacific Northwest market leader for Enterprise Community Partners, Inc. She leads the delivery of Enterprise's product solutions, innovations, capital, and policy efforts in the Pacific Northwest. Based in the Seattle office, M.A. works to build Enterprise's core strengths in the region, and to evaluate regional needs to identify opportunities that are consistent with Enterprise's mission. M.A. is chair of the Washington State Affordable Housing Advisory Board, member of the Seattle Investment

## ULI Northwest Technical Assistance Panel Professional Biographies

Fund's investment committee, board member of the Washington Community Reinvestment Association, and member of the State Housing Trust Fund's policy advisory team. From 2007 to 2015, M.A. served on the Washington State Housing Finance Commission, and in 2014, she was appointed by Seattle Mayor Ed Murray to serve on the city's Housing Affordability and Livability Advisory Committee. M.A. earned a bachelor's degree in urban planning from the University of Illinois and completed master's level coursework at Cornell University.

### ***Doug Oberst | Managing Principal, BCRA***

Doug is an award-winning architect who has acquired a passion for the possibilities that thoughtful development brings to communities. He has brought many impactful housing, mixed-use, and commercial projects to fruition in the Puget Sound during his 30-year career, including Viva, a mixed-use facility on Union and Madison streets in Seattle, and The Henry Apartments, which helped revitalize an underutilized section of the Foss Waterway in Tacoma. As a Managing Principal at BCRA, he manages a team of land use planners and architects who have supported development and navigated complex land use challenges in King, Snohomish, Kitsap, Thurston, and Pierce counties.

### ***George Petrie | CEO and President, Goodman Real Estate***

George began his career in real estate in 1990 and joined GRE in 1999. His experience spans roles in finance, accounting (as a CPA), operations, property management, asset management, acquisitions, and dispositions. Before landing at GRE he worked at Unico Properties and Trammell Crow. George holds a BA from the University of Washington School of Business, and holds the real estate designations CPM, CCIM, and RPA. As CEO & President, George is a high energy, results-driven leader focused on taking calculated risks promptly.

### ***Peg Staeheli, SvR Design***

With over 37 years of practice, Peg has focused in the public realm where landscape design meets engineering. Her work includes green infrastructure, complete streets, accessibility, utility systems, urban forestry, parks, and site design. She encourages her coworkers in consistently pushing the local and national agenda to improve urban conditions. Peg brings a comprehensive understanding of the issues large infrastructure projects present: site conditions, feasibility, construction sequencing, maintenance and operations. Peg knows how to hustle—she can often be seen commuting by bus and bike to and from West Seattle—and fosters an environment where innovation is matched with attention to human-centered design.

### ***Ben Wolters | Economic & Community Development Director, City of Kent***

Ben is the Economic & Community Development Director for the City of Kent. As Director, he oversees Economic Development, Planning Services, Building Services, the Permit Center and Development Engineering Divisions. Ben has 25 years of experience in economic development and public affairs. Over the past eight years, he led the development of the 6,000 seat ShoWare Center and the formation of a new department combining economic development, planning, and permitting, improving service and effectiveness. Before joining the City of Kent, he worked as the Economic Development Director for the City of Renton and for the City of Seattle's Office of Economic Development recruiting and retaining businesses in the industrial, high tech, and service sectors. Ben is a graduate of Oregon State University, has a Master's Degree in International Economics from the University of Denver, and is certified as an Economic Development Finance Professional by the National Development Council.

### **Stakeholders**

#### **Mayor of Lynnwood**

Nicola Smith

#### **Lynnwood City Council Members**

M. Christopher Boyer

Benjamin Goodwin

Ian Cotton

George Hurst

Ruth Ross

Shannon Sessions

Shirley Sutton

#### **City of Lynnwood Staff**

Dustin Akers, City Center Program Manager

David Kleitsch, Economic Development Director

Julie Moore, Communications Director

Art Ceniza, Assistant City Administrator

William Franz, Public Works Director

Paul Krauss, Community Development Director

#### **Sound Transit**

Gwen McCullough

Michelle Ginder

Thatcher Imboden

Sarah Lovell

Sloan Dawson

#### **Washington State Department of Transportation**

Roger Millar

Carol Hunter

Dylan Counts

Amy Scarton

#### **Community Partners**

Puget Sound Regional Council

Sno-Isle Libraries

Edmonds Community College

Alderwood Mall

Feet First

Cascade Bicycle Club

Snohomish County

Community Transit

Public Utilities District

Verdant Health Commission

Edmonds School District

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Snohomish County

Community Transit

Public Utilities District

Verdant Health Commission

Edmonds School District

Public Facilities District

Las Americas Business Center

#### **Smart Growth America**

Lynn Peterson

Alex Hutchinson

Chris Bell

#### **Enterprise Community Partners**

Frances Wang

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#### **Support Team**

#### **ULI Northwest**

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**Appendix E – Lynnwood Washington FTA TOD TA  
Project Timeline and Project Teams**

<b>TA Activity</b>	<b>Timeline (2016)</b>
Lynnwood Selected for FTA TOD TA	March
Kick off call with City of Lynnwood	April
Data and documentation collection from City	April - May
Assessment Visit	June 14, 15
Assessment report and TA scope of work developed	July
Engaged ULI for the coordination of TAP and selection of TAP panelists	July
Engaged Strategic Economics for TAP briefing book market analysis	August
Weekly Planning calls · City of Lynnwood · ULI · Enterprise · SGA	July - September
Briefing book and accompanying materials developed	September 1 <sup>st</sup>
Panelists finalized	September 16 <sup>th</sup>
TAP in Lynnwood, recommendations developed, and presentation to Council	September 20, 21 <sup>st</sup>
Final TA Report to FTA Developed	September, 30 <sup>th</sup>

▪ **Project Team**

- o Lynn Peterson, *Smart Growth America*

- o Alex Hutchinson, *Smart Growth America*
  - o Chris Rall, *Smart Growth America*
  - o M.A. Leonard, *Enterprise Community Partners*
  - o Devin Culbertson, *Enterprise Community Partners*
  - o Frances Wang, *Enterprise Community Partners*
  - o Paul Bernard, *Enterprise Community Partners*
- **Technical Assistance Panel**
    - o Al Levine, *Affiliate Faculty, Runstad Center, College of Built Environments, UW*
    - o Ben Wolters, *Economic & Community Development Director, City of Kent*
    - o Peg Staeheli, *Founding Principal, SvR Design Company*
    - o Gabe Grant, *Principal, Spectrum Development Solutions*
    - o George Petrie, *CEO and President, Goodman Real Estate*
    - o Sarah
    - o Kurtis
    - o Kelly Mann, *Executive Director ULI Northwest*
    - o Jared Jonson, *Manager ULI Northwest*
    - o Eric Sanford, *Senior Associate ULI Northwest*
    - o Victoria Oestreich, *Associate ULI Northwest*
- **Government Officials**
    - o Nicola Smith, *Mayor, City of Lynnwood*
    - o David Kleitsch, *Economic Development Director City of Lynnwood*
    - o Paul Krauss, *Community Development Director City of Lynnwood*
    - o Art Ceniza, *Assistant City Administrator City of Lynnwood*
    - o William Franz, *Public Works Director City of Lynnwood*
    - o Lynn Sordel, *PRCA Director City of Lynnwood*
    - o Dustin Akers, *City Center Program Manager City of Lynnwood*
    - o Sarah Olson, *PRCA Deputy Director City of Lynnwood*
    - o Grant Dull, *Executive Director Public Facilities District City of Lynnwood*
    - o Jeff Elekes, *City Engineer Lynnwood City of Lynnwood*
    - o Julie Moore, *Manager of Communications and Public Affairs City of Lynnwood*
    - o Jared Bond, *Environmental and Surface Water Manager, City of Lynnwood*
    - o Nick Barnett, *Project Manager, City of Lynnwood*

- o Stewart Mhyer, *Executive Director Edmonds School District*
  - o Ruth Ross, *Councilwoman City Council, City of Lynnwood*
  - o Shirley Sutton, *Councilwoman City Council, City of Lynnwood*
  - o Bob Larson, *Commissioner Planning Commission, City of Lynnwood*
  - o Adam Segalla, *Commissioner Arts Commission, City of Lynnwood*
  - o Gwen McCullough, *Lynnwood Link Project Manager Sound Transit*
  - o Sarah Lovell *TOD Manager Sound Transit*
  - o Sloan Dawson *TOD Analyst Sound Transit*
  - o Roger Millar *Acting Secretary of Transportation WSDOT*
  - o Dylan Counts *WSDOT*
  - o Sara Maxana *Principal Planner, Growth Management Puget Sound Regional Council*
  - o Jeremy Borrego, *FTA Region 10 Representative*
- **Community Stakeholders for Assessment Visit**
    - o Jonalyn Woolf-Ivory, *Executive Director Sno-Isle Libraries*
    - o Kelvin Nesvog, *Commute Trip Coordinator Edmonds Community College*
    - o Brenda Klein Sr., *General Manager Alderwood Mall*
    - o Jeff Aken, *Regional Planning Director Cascade Bicycle Club*
    - o Doug O'Donnel, *Executive Account Manager Public Utilities District*
    - o Tom Hovde, *Senior Executive Account Manager Public Utilities District*
    - o George Kosovich, *Assistant Superintendent Verdant Health Commission*
    - o Mike Gibson, *President Lynnwood Chamber*
    - o Erik Little, *Property Owner*
    - o Monica Thompson, *Board Member Parks Board*
    - o Craig van den Bosch, *Commissioner Arts Commission*
    - o Brad Zorich, *Snohomish County Tourism Bureau*